

SCHEDULE A

FINAL ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF MADIBENG LOCAL MUNICIPALITY

2018/19 TO 2020/21



FINAL ANNUAL BUDGET OF

MADIBENG LOCAL MUNICIPALITY

NW 372

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK

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Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DBSA	Development Bank of South Africa	NERSA	National Electricity Regulator South Africa
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
DWA	Department of Water Affairs	NKPIs	National Key Performance Indicators
EE	Employment Equity	OHS	Occupational Health and Safety
EEDSM	Energy Efficiency Demand Side Management	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Plan	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
Kl	kilolitre	SAPS	South African Police Service
Km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
KWh	kilowatt		
l	Litre		

Part 1 – Annual Budget

1.1 EXECUTIVE MAYOR’S REPORT

The Honourable Speaker, The Honourable Chief Whip, The Honourable Chairperson of MPAC, Our Traditional Leaders present here today, Honourable Councillors, Municipal Manager and all Directors, Members of the public in the gallery

Ladies and gentlemen

Honourable Speaker, allow me to first and foremost take this opportunity and deeply express my sincere and humble thanks and gratitude to all my colleagues for the support given to me and my entire family during our darkest hour.

Losing a family member is one of the saddest chapters in anyone’s life, but with the calls, messages, and all other forms of support that we got from people across the spectrum, we are able to stand up and pick up the pieces and accept as Christians that the will of God has been done.

Your actions have really spoken louder than words and I can assure you we are really comforted by your support.

Honourable Speaker, In accordance with Section 24 of the Municipal Finance Management Act, 56 of 2003, the council must for each financial year approve annual budget for the municipality before the start of the financial year. As The Executive Mayor of the municipality it is my legislative obligation to table the annual budget in a Council seating at least 30 days before the start of the new budget year.

As we do this we also take into consideration the fact that an annual budget of a municipality must be prepared in the prescribed format (schedule “A”), setting out realistically anticipated revenue for the budget year from each revenue source.

Let me also mention Honourable Speaker that the compilation of this budget is based on the municipality’s 2018/19 Integrated Development Plan (IDP) priority weighting and the National and Provincial government priorities. It is also a budget that is realistic and our people can hold us accountable to.

Honourable Speaker, consistent with the declaration of a new dawn concept by State President Cyril Ramaphosa, I would like to urge everyone from the administration, political leadership and Council in its entirety, to join hands in efforts to accelerate service delivery to the people of Madibeng through this budget.

We owe it to the people of Madibeng to deliver quality services to them.

I urge you all to approach the new financial year with renewed energies with full determination of to excel in everything services delivery through this budget.

OVERVIEW OF THE BUDGET

National Treasury has set out the requirements for funding the budget and producing a credible budget. Attention was given to Section 18(1) of the MFMA, which states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

Fiscal Year	2017/18	2018/19	2019/20	2020/21
	Estimate	Forecast		
CONSUMER PRICE INFLATION (CPI)	5.3%	5.3%	5.4%	5.5%
REAL GDP GROWTH	1.0%	1.5%	1.8%	2.1%

The NERSA proposed a **6.84 per cent** guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

Honourable Speaker, the proposed Budget of Madibeng Local Municipality for the 2018/19 financial year totals R 2.6 billion, comprising of R 2.3 billion Operating Expenditure and R 285.2 million for Capital expenditure. A deficit of R 595 364 million has been budgeted. The total budget has grown by R 27.9 million or 1% when compared with the 2017/18 Adjustment Budget and by R 92.2 million or 4% compared with the 2017/18 Approved Budget.

The deficit has decreased by R 69.9 million (-12%) when compared with the 2017/18 Adjustment Budget and R 142 million (-27%) for 2019/20 and R 198.5 million (-43%) for the 2020/21.

The Municipality has budgeted for a deficit after taking into account the non-cash expenditure items like depreciation and provision for bad debts, if this items are removed the budget is on cash surplus of R237 million and it be noted that the deficit is being gradually phased out over a number of years and the Municipality anticipate to budget for surplus within the next five financial years.

Financial management reforms emphasises the importance of municipal budgets being funded. This requires the simultaneous assess of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital budget. For this reason the Madibeng Municipal Council has resolved to adopt and implement the long term financial plan to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

This will be implemented together with the Revenue Enhancement Strategy, that is not only aimed that growing our revenue base but to unlock all the operational inefficiencies in our revenue streams, by improving relationship between information on the Municipal financial system and data on the ground. This initiative is aimed at ensuring that the Municipality optimise its revenue collection level, without necessarily increasing the tariff that is charged to the current customers. In addition, a Division has been created within the Budget and Treasury unit responsible for revenue enhancement with effect from the 01 July 2018, to implement this strategies.

It is in this regard that the Municipal Council of Madibeng recognise the impact of the past bad financial management practices that is negatively impacting the financial sustainability of the Municipality. Therefore, Council resolves to ensure that all stakeholders assess the implementation of both the long term financial sustainability plan and the revenue enhancement strategy on a monthly basis to ensure that future generations to do become over burdened by unsustainable financial decisions by the current generation.

OPERATING REVENUE FRAMEWORK

The total operating revenue budget has grown by R 98.9 million or 6% when compared with the 2017/18 Adjustment Budget and by R 101.8 million or 6% compared with the 2017/18 Approved Budget.

The analysis of past financial performance and the current plans (including the revenue enhancement, proposed incentive scheme, revenue enhancement unit and long-term financial sustainability plan) indicates the potential and untapped capacity to improve the current revenue collection towards the norm.

The collection rate for the first eight months of 2017/18 financial year is above 76% and provision for doubtful debts is 24%. The 2018/19 Operating Revenue projections take in to consideration the first eight month's performance and the audited performance. The 2018/19 operating revenue collection rate budget projections is still roughly 19% below the National Treasury norm. As noted above the previous two year revenue performance has been less than impressive. This is evident

by the structural inefficiency that have been outline above including the negative correlation between revenue billing and revenue collection.

The Municipality has signed a Memorandum of Understanding (MOU) with the Brits Industrial Association (BIA), which paved a way to temporary halt the current Court action, by considering an alternative dispute mechanism. This process is projected to conclude in the first quarter of 2018/19. A favourable resolution to this long standing dispute has a potential of improving the Municipality's revenue collection by almost 10%. This is part of the Revenue enhancement initiative to improve the Municipality collection level without necessarily increasing tariffs. Other initiatives are outlined in water and electricity losses reduction strategy.

The Municipal Council has approved a revised organisational structure with a new division in Budget and Treasury directorate which will be responsible for revenue enhancement. The personnel in the unit will be charged with a daily responsibility of performing activities that will enable the Municipality to increase revenue sources and maximize the collection of existing revenue sources. These activities will include:

- Speeding the process of registering established townships that are not yet registered.
- Installation of services meters on areas with services but without metering.
- Linking of meters to the billing system.
- Consistence and accurate meter readings.
- Ensuring implementation of credit control.
- Debt collection on existing debts.
- Coordinating taking over of revenue earning infrastructure owned by other state entities (Eskom and City of Tshwane).
- Compilation of business cases for additional grants applications.

To ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of Madibeng's customer base were taken into consideration. The Municipality derives its revenue from the provision of services such as electricity, water, sanitation and refuse removal. A considerable portion of the revenue is also derived from property rates and grants by national governments as well as other minor charges such as traffic fines, etcetera.

We have envisaged increasing our tariffs during this budget year, mainly to have a sustainable budget with a view of accelerating service delivery in an effective, efficient and economical way, to be able to fund certain capital and operating projects that will make a difference in our communities. For the municipality to be able to achieve its set organisational objectives and its Constitutional mandate we needed to increase the municipal services' tariff taking into account certain variables such as increases of the prices, service rendered fees, material, fuel, transportation costs from our potential services providers which are remarkable high, and the increase in external borrowings for the funding of capital projects.

The customer accounts payment incentive scheme will be introduced in the first half of the financial year. Consumers whose accounts will be up to date and fully paid by 30 June 2018 will receive 15% discount on their July 2018 Municipal account. Other consumers wishing to settle their Municipal accounts will also be granted 50% settlement discount on Municipal account balance as at 30 June 2018. The incentive scheme will run from 01 July 2018 up until the end of December 2018.

The proposed main average tariff increases are as follows:

Description	Approved Previous Year 2016/17	Approved Current Year 2017/18	MTREF		
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Property rates	0,0%	0,0%	0%	5,4%	5,5%
Electricity	7,6%	0,31%	6,84%	5,4%	5,5%
Water	6,6%	6,4%	5,3%	5,4%	5,5%
Sewerage	6,6%	6,4%	5,3%	5,4%	5,5%
Refuse Removal	6,6%	6,4%	5,3%	5,4%	5,5%
Surcharges	6,6%	6,4%	5,3%	5,4%	5,5%
Other services	6,6%	6,4%	5,3%	5,4%	5,5%

Property Rates

Property rates revenue increased by R 16.6m (5%) from the adjusted budget and it contribute 18% of the total revenue budget. Municipality has not increased the property rate tariff. The increase of 5% on total property rates revenue is based on additional properties that are to be formalised and the properties that are being added from the supplementary valuation. Property rates cover the cost of the provision of general services.

The Municipality General Valuation Roll will come to an end on 30 June 2018. A one year extension has been requested from the MEC for Local Government & Human Settlements which

will extend the validity period of the valuation roll up until 30 June 2019. The process of compilation of the new valuation roll is already underway and the Municipality anticipate it to be implemented from 01 July 2019.

Sale of Electricity and Impact of Tariff Increases

Electricity Revenue increased by R 14.9m (3%) from the adjusted budget and it contribute 26% of the total revenue budget. It also increased by 6% compared to 2017/18 projected revenue. It should be noted that NERSA has advised the municipality not to increase the tariff of domestic consumers for electricity because our tariff has reached the maximum benchmark level. Registered indigents will again be granted 50 kWh per month free of charge. In addition, NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2018. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Sale of Water and Impact of Tariff Increases

Water Revenue increased by R 4.9m (3%) from the adjusted budget and it contribute 9% of the total revenue budget. It also increased by 4% from the 2017/18 projected revenue. We are confident that with the current meter replacement project taking place in area that we have access on, the project will have an impact on water revenue. Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and Water tariffs are designed to encourage efficient and sustainable consumption.

Sanitation and Impact of Tariff Increases

Sewer revenue increased by R 12.1m (24%) from the adjusted budget and it contribute 3% of the total revenue budget. It increased by 5% compared to the 2017/18 projected revenue; A tariff increase of 5.3 per cent for sanitation from 1 July 2018 is proposed

Waste Removal and Impact of Tariff Increases

Refuse Removal increased by R 13.2m (25%) from the adjusted budget and it contribute 3% of the total revenue budget. It increased by 5% compared to the 2017/18 projected revenue. A 5.3% increase in the waste removal tariff is proposed from 1 July 2018

Interest earned - external investments increased by R 2.5m (40%) from the adjusted budget and it contributes 0.4% of the total revenue budget.

Interest earned - outstanding debtors increased by R 4.4m (5%) from the adjusted budget and it contributes 5% of the total revenue budget.

Fines, penalties and forfeits no changes from the adjusted budget.

Licences and permits decreased by R 2m (100%) from the adjusted budget and it contribute 0.1% of the total revenue budget. The municipality is in the process of procuring a system that will help with traffic fines, licenses and permit management.

Agency services remains the same as the adjusted budget and it contribute 1% of the total revenue budget.

Operational Transfers and subsidies increased by R 55m (9%) from the adjusted budget and it contribute 35% of the total revenue budget.

Other revenue decreased by R 22.7m (287%) from the adjusted budget and it contribute 0.4% of the total revenue budget.

GRANTS ALLOCATION

Revenue from grant funding is set out in Division of Revenue Act (DORA) and the Provincial Gazette. The total transfers and grants allocation to the municipality is R 913.1 million in the 2018/19 financial year. The allocation has increased by R 39.4 million or 4% from the 2017/18 adjusted transfers and grants allocation. The allocation for 2019/20 and 2020/21 amount to R 990.6 million and R1.08 billion respectively.

The total operating transfers and grants for the 2018/19 financial year amount to R 627.8 million, R 692.8 million and R 769.4 million for the 2019/20 and 2020/21 financial years.

The infrastructure grant for the 2018/19 financial year is appropriated at R285.2 million. And the allocation for the two outer years is estimated at R 297.7 million and R 317.7million respectively.

Grant Allocations in Kind

The total grant allocation in kind for the 2018/19 amount to R160.3 million. The allocation for the two outer year's amount to R 309.3 million and R 377.5 million.

OPERATING EXPENDITURE

The total operating expenditure budget has grown by R 26.3 million or 1% when compared with the 2017/18 Adjustment Budget and by R 92.2 million or 4% compared with the 2017/18 Approved Budget.

ANALYSIS OF SOME OF THE PROPOSED EXPENDITURE

Remuneration of Employees

Employee related cost increased by R 10.1m (3%) from the adjusted budget and it contribute 16% of the total expenditure budget

Remuneration of Councillors

Remuneration of councillors increased by R 3.3m (10%) from the adjusted budget and it contribute 1% of the total expenditure budget.

Debt Impairment

Debt impairment increased by R 10m (4%) from the adjusted budget and it contribute 16% of the total expenditure budget

Depreciation and Assets Impairment

Depreciation and asset impairment decreased by R 52m (-9%) from the adjusted budget and it contribute 31% of the total expenditure budget.

Finance Charges

Finance charges increased by R 10.5m (10%) from the adjusted budget and it contribute 6% of the total expenditure budget

Bulk Purchases

Bulk purchases increased by R 19m (3%) from the adjusted budget and it contribute 31% of the total expenditure budget. Included on bulk purchases are the following items.

Other Materials

Other materials (Repairs and Maintenance) increased by R 14.4m (14%) from the adjusted budget and it contribute 6% of the total expenditure budget.

Contracted Services

Contracted services decreased by R 5.6m (-3%) from the adjusted budget and it contribute 10% of the total expenditure budget. The Municipal Council is also taking a deliberate action to reduce the number of contracts that have been irregularly appointed and has no value for money. This shall be done without exposing Council to unnecessary risk of litigation. Some maintenance contracts shall be faced out by insourcing some of the services including compilation of Annual Financial Statement, maintenance of pump stations and electricity maintenance. The context or reviewing the contracted services should be viewed as an integral part of the Municipality's long term financial sustainability plan

Transfers and Subsidies

Transfers and subsidies increased by R 7m (58%) from the adjusted budget and it contribute 1% of the total expenditure budget.

Other Expenditure

Other expenditure increased by R 11.9m (7%) from the adjusted budget and it contribute 10% of the total expenditure budget.

Operating leases amounts to R62 million and it contribute 3% of the total expenditure budget.

Consumable stores - zero rated amounts to R10.9 million which contribute 0.4% of the total expenditure budget.

Insurance – Premiums amounts to R10 million which is the premiums for the entire assets of the municipality.

Supply Chain Management Reforms

In an attempt to curb tenders irregularities, the bid adjudication committee meetings will be open for the members of the public to observe the proceedings. Community members will be allowed to observe the proceedings in the bid adjudication committee.

The Municipality will also appoint a panel of firms of auditors who will serve as probity officers. All tenders above R10 million will be subjected to the probity officer. The probity officer will review compliance with laws and regulations on the bidding process before the accounting officer makes final award.

CAPITAL EXPENDITURE

Section 18 and 19 of the MFMA were taken in to consideration regarding the funding of capital project. That spending on Capital Budget to be financed from grants and other external mechanisms would takes place after the funds have been received.

The Capital Budget for the 2018/2019 financial year has been projected at R 285 million. It is a decrease of R 26.2 million or 9% from the Adjustment Capital Budget. The two outer financial years the Capital Budget is projected at R 297.7 million and R 317.7.

The proposed Capital Budget is entirely based on the IDP priorities of the Municipality in order to achieve National targets on service provision. The IDP as the principal strategic planning instrument has guided and informed the planning during the budget process.

Detailed Capital Budget List

DESCRIPTION	WARDS	PROPOSED BUDGET 2018/19	PROPOSED BUDGET 2019/20	PROPOSED BUDGET 2020/21	Funding Source
KLIPGAT EXTENTION WATER SUPPLY	24, 8, 36, 37	30 000 000	30 000 000	30 000 000	MIG
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG/ WATER	10,15,16,41	45 000 000	35 000 000	35 000 000	MIG
HEBRON TO MADIDI BULK WATER PIPELINE	3	35 000 000	30 000 000	40 000 000	MIG
INDUSTRIAL SEWER DEKROON	19	10 245 350			MIG
KLIPGAT SANITATION PROJECT	24, 8, 36, 37	25 000 000	20 000 000	20 000 000	MIG
WARD 1 VIP TOILETS	1	-	14 000 000	12 000 000	MIG
UPGRADING OF MOTHOTLUNG OUTFALL SEWER	20	-	20 000 000	20 000 000	MIG
UPGRADING OF OUKASIE OUTFALL SEWER	13, 14, 22	-	25 000 000	21 000 000	MIG
WATER SUPPLY AUGMENTATION: BOREHOLES (CLUSTERS)	1,2,25,26,27,29, 34	10 000 000	15 000 000	15 000 000	MIG
HIGH MASS LIGHT ENERGISING	10,15,16,41	2 249 750	2 797 000	2 577 850	MIG
CLUSTER 1 INTERNAL ROADS	7, 25, 28, 31	11 000 000	10 000 000	13 000 000	MIG

DESCRIPTION	WARDS	PROPOSED BUDGET 2018/19	PROPOSED BUDGET 2019/20	PROPOSED BUDGET 2020/21	Fundin g Sourc e
CLUSTER 2 INTERNAL ROADS	13, 14 , 21, 22, 23,39	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 3	10,15,16, 41	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 4	3, 8 , 24, 36, 37	11 000 000	11 000 000	14 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 5	9 ,11,12, 35 ,38	28 787 417	11 000 000	13 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 6	1 , 2	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 7	4 , 5 , 6, 34	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 8	17, 18 ,19,20	11 000 000	-	-	MIG
MABOLOKA SPORTS FACILITY	4, 5, 6	9 500 000	-	-	MIG
PMU OPERATIONS AND MANAGEMENT		12 475 483	14 000 000	14 925 150	MIG
OUKASIE SUBSTATION	13, 14, 21, 22, 23,39		16 000 000	19 200 000	INEP
TOTAL		285 200 000	297 797 000	317 703 000	

With regard to **cluster roads**, the ward that is **bolded** is the actual ward where the project will be implemented within the cluster.

CONCLUSION

Ladies and gentlemen, this is an overview of the plan that the municipality has developed for the financial 2018/19. It is up to us as women and men of conviction to implement as per the allocations and to ensure that this budget addresses the needs of our people as envisaged.

We expect our officials to perform the duties to the best of their ability and we shall also be expected to play our oversight role with the outmost respect so that we restore the dignity of this municipality.

I thank you.

1.2 FINAL COUNCIL RESOLUTIONS

On 29 May 2018 the Council of Madibeng Local Municipality met in the Council Chambers to consider the annual budget of the municipality for the financial year 2018/19. The Council approved and adopted the following resolutions:

1. That cognisance be taken:
 - 1.1. of the contents of the report;
 - 1.2. Annexure A, the 2018/2019 Budget book;
 - 1.3. Annexure B, Budget Supporting Tables
 - 1.4. Annexure C, the 2018/2019 tariffs book;
 - 1.5. Annexure D, the 2018/2019 Budget related policies;
 - 1.6. Annexure E, Community inputs from public participation;
2. That Council approves the FINAL budget for 2018/19 Medium MTREF as contained "Annexure A"
3. That the following budget related policies and by-laws be approved:
 - 3.1. Revised Tariff Setting Policy & By-Law.
 - 3.2. Revised Property Rates Policy & By-Law.
 - 3.3. Revised Credit Control and Debt Collection Policy & By-Law.
 - 3.4. Cash Management and Investment Policy.
 - 3.5. Borrowing policy.
 - 3.6. Funding and reserves policy.
 - 3.7. Long term financial plan policy.
 - 3.8. Supply Chain Management Policy.
 - 3.9. Assets Management Policy.
 - 3.10. Prioritisation Model for Capital Assets Investment
 - 3.11. Revised Indigent Household Subsidy Policy
 - 3.12. Budget Policy
 - 3.13. Distribution losses policy
 - 3.14. Study aid policy
 - 3.15. Leave Policy
 - 3.16. Revised Bad Debts Write-Off Policy
 - 3.17. Revised Deposit Policy
4. That the FINAL schedule of Proposed Tariffs hereto presented as the supporting document of budget be approved for implementation 01 July 2018.

5. That the Medium Term Revenue and Expenditure Framework for the period 2018/19 to 2020/21 be submitted to the National and Provincial Treasuries as required by MFMA.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of Madibeng Local Municipality Long-Term Financial Plan is essential and critical to ensure that the Municipality is able to be financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The process of developing the Municipality's annual budget is largely guided by the strategic thrusts and operational priorities of Madibeng's Integrated Development Plan (IDP) as well as the MTREF that sets out the expected annual revenue and projected expenditure for the budget year under consideration, plus the three outer years.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high priority programmes so as to move towards maintenance of sound financial stewardship. A critical review is currently underway of expenditures on non-core and 'nice to have' items. The preparation of the 2018/19 to 2020/2021 Medium Term Revenue and Expenditure Framework (MTREF) was an extremely challenging one as various factors, with considerable potential impacts on core service delivery cost and revenue components influenced the outcome of the MTREF

National Treasury has set out the requirements for funding the budget and producing a credible Budget. Attention was given to Section 18(1) of the MFMA, which states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not
- committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has "balanced" its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

Legal Requirements

The MTREF for 2018/19 to 2021/22 were compiled in accordance with the requirements of the relevant legislation, of which the following are the most important –

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- The Municipal Structures Act, Act 117 of 1998;
- The Municipal Systems Act, Act 32 of 2000;
- The Municipal Finance Management Act, Act 56 of 2003;
- The Municipal Budget and Reporting Regulations promulgated on 17 April 2009; and
- The 2017 Division of Revenue Act

The following budget principles and guidelines directly informed the compilation of the 2018/19 to 2021/22 MTREF –

- National Treasury's MFMA Circulars were used to guide the compilation of the MTREF;
- Headline inflation predictions;
- National outcomes and priorities;
- NERSA guidelines;
- The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- The 2017/18 Adjustments Budget priorities, targets and base line allocations were taken as guideline for future revenue stream projections;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rates revenue stream increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the Municipality, for instance the cost-of living increases and cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the Municipality are reflected in the National and Provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An assessment of the relative human resources capacity to implement the Budget;
- The need to enhance the Municipality's revenue base; and
- There will be external borrowings taken up during this budget year as a means of a funding source that is available to support the Capital Budget, in view of financial affordability considerations and also to enhance service delivery

The main challenges experienced during the compilation of the 2017/18 to 2021/22 MTREF can be summarised as follows –

- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the cash position into account;
- The increased costs associated with bulk water and electricity, placing upward pressure on tariff increases to consumers. Continued high tariff increases may soon render municipal services financially unaffordable;
- Maintaining/Improvement of revenue collection rates at the targeted levels;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Allocations of the required operating budget provision for newly created infrastructure and facilities;
- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure; and
- Availability of affordable capital / borrowing.

The following macro-economic forecasts must be considered when preparing the 2018/19 MTREF municipal budgets.

Table 1

Fiscal Year	2017/18	2018/19	2019/20	2020/21
	Estimate	Forecast		
CONSUMER PRICE INFLATION (CPI)	5.3%	5.3%	5.4%	5.5%
REAL GDP GROWTH	1.0%	1.5%	1.8%	2.1%

The NERSA document proposes a **6.84 per cent** guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published

annually between December and January by the Department of Cooperative Governance. Any overpayment to councillors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the Councillor(s) concerned.

Other matters as outlined in MFMA Circulars No. 28, 42, 51, 54, 55, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78, 79, 85, 86, 89 and 91 and budget related regulation no 32141 of 17 April 2009 and Chapter 4, 7 etc. of the MFMA.

In view of the aforementioned, the following Table 2 is a consolidated overview of the proposed 2018/19 to 20120/21 Medium Term Revenue and Expenditure Framework –

TABLE 2: CONSOLIDATED OVERVIEW OF THE 2018/2019-2020/2021 BUDGET

Description	Approved Budget	Adjustment Budget	Budget	Budget	Budget
	2017/2018	2017/2018	Year 1 2018/2019	Year +1 2019/2020	Year +2 2020/2021
	R0,00	R0,00	R0,00	R0,00	R0,00
Operating Revenue	1 688 185	1 692 115	1 790 000	1 913 000	2 056 000
Operating Expenditure	(2 293 154)	(2 357 452)	(2 385 364)	(2 436 314)	(2 522 808)
Surplus/(Deficit)	(604 969)	(665 338)	(595 364)	(523 314)	(466 808)
Less : Non-Cash Items					
Debt impairment	270 000	270 000	280 000	285 000	300 675
Depreciation	604 762	604 762	552 750	528 574	510 146
Surplus/(Deficit) after adding back non-cash items	269 793	209 424	237 386	290 260	344 013

The proposed Budget of Madibeng Local Municipality for the 2018/19 financial year totals R 2.6 billion, comprising of R 2.3 billion Operating Expenditure and R 285.2 million for Capital expenditure. The total budget has grown by R 27.9 million or 1% when compared with the 2017/18 Adjustment Budget and by R 92.2 million or 4% compared with the 2017/18 Approved Budget.

The deficit has decreased by R 69.9 million (-12%) when compared with the 2017/18 Adjustment Budget and R 142 million (-27%) for 2019/20 and R 198.5 million (-43%) for the 2020/21.

The following graph provides a breakdown of the deficit over the MTREF.

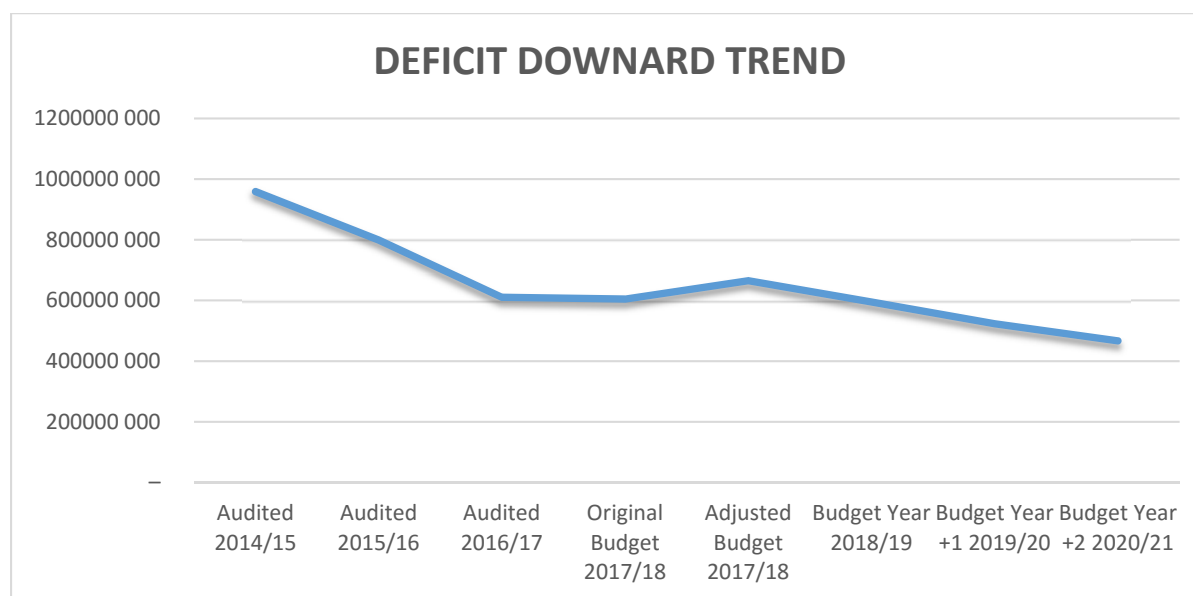


Figure 1 Deficit trend from 2014/15 to 2020/21 financial year

The Municipality has budgeted for a deficit after taking into account the non-cash expenditure items like depreciation and provision for bad debts, if this items are removed the budget is on cash surplus of R237 million as per table 2 below and it be noted that the deficit is being gradually phased out over a number of years and the Municipality anticipate to budget for surplus within the next five financial years.

The operating surplus/deficit (after total expenditure) is negative over the MTREF. This is due to off-setting depreciation not funded through the raising of tariffs. Such a practice given the current context and historical ineffective budgeting by Madibeng, would lead to double taxation evil. However, there is nothing wrong to budget for an operating surplus to fund capital expenditure if such action would be affordable and sustainable.

Financial management reforms emphasises the importance of municipal budgets being funded. This requires the simultaneous assess of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital budget. For this reason the Madibeng Municipal Council has resolved to adopt and implement the long term financial plan to ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability.

This will be implemented together with the Revenue Enhancement Strategy, that is not only aimed that growing our revenue base but to unlock all the operational inefficiencies in our revenue

streams, by improving relationship between information on the Municipal financial system and data on the ground. This initiative is aimed at ensuring that the Municipality optimise its revenue collection level, without necessarily increasing the tariff that is charged to the current customers. In addition, a Division has been created within the Budget and Treasury unit responsible for revenue enhancement with effect from the 01 July 2018, to implement this strategies.

As part of the effort to improve the long term financial sustainability of the Municipality a comprehensive water and electricity losses strategy is adopted the 2018/2019 MTREF. Both the water and electricity Divisions in the Infrastructure and Technical Services Department have been restructured and will be headed by Deputy Directors who are appointed on a five year performance contracts. The objective is to in-source all the outsourced components in the delivery of service by the Municipality. This will free up resources that will be directed to repairs and maintenance.

In addition, the Municipality will also gradually build the Cash Replacement Reserve (CRR) throughout the next coming three financial years that will result in having reserves that are cash backed. These reserves will ensure that the Municipality is able to fund its own infrastructure investment, reduce the current poor infrastructure maintenance trajectory, including the decrease in infrastructure backlogs.

It is in this regard that the Municipal Council of Madibeng recognise the impact of the past bad financial management practices that is negatively impacting the financial sustainable of Municipality. Therefore, Council resolves to ensure that all stakeholders assess the implementation of both the long term financial sustainability plan and the revenue enhancement strategy on a monthly basis to ensure that future generations to do become over burdened by unsustainable financial decisions by the current generation.

1.4 OPERATING REVENUE FRAMEWORK

For Madibeng Municipality to continue improving the quality of services that it provides to its community, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices

have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The Municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. For this reason in the 2018/19 financial year the Municipality intends to improve and enhance the current base of our revenue by maintaining a careful balance between tariff increases and increase in general revenue.

The proposed tariff increases from various sector departments were also considered.

- NERSA approval on municipal electricity tariffs of 6.84 per cent;
- Rand-Water tariff increase of 12.2 per cent and;
- City of Tshwane Tariff increase.

The total operating revenue budget has grown by R 98.9 million or 6% when compared with the 2017/18 Adjustment Budget and by R 101.8 million or 6% compared with the 2017/18 Approved Budget. The analysis of past financial performance and the current plans (including the revenue enhancement, proposed incentive scheme, revenue enhancement unit and long-term financial sustainability plan) indicates the potential and untapped capacity to improve the current revenue collection towards the norm.

Table 3: Summary of Operating Revenue by Revenue Source

NW372 Madibeng - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	312 010	292 796	296 046	303 530	303 530	303 530	-	320 131	336 016	353 769
Service charges - electricity revenue	2	395 926	450 535	454 532	472 396	457 411	457 411	-	472 317	496 768	524 090
Service charges - water revenue	2	117 260	125 247	148 909	150 378	147 831	147 831	-	152 811	161 215	170 082
Service charges - sanitation revenue	2	30 703	29 662	41 744	37 583	38 575	38 575	-	50 740	53 478	56 420
Service charges - refuse revenue	2	30 273	31 443	38 889	32 553	39 799	39 799	-	53 000	55 862	58 934
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		610	1 020	1 243	1 270	1 270	1 270		-	-	-
Interest earned - external investments		3 750	7 717	4 301	5 500	3 872	3 872		6 400	6 752	7 123
Interest earned - outstanding debtors		64 768	60 939	95 354	85 000	82 359	82 359		86 800	89 290	94 201
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 561	2 900	2 992	2 000	1 000	1 000		1 001	1 055	1 113
Licences and permits		5 438	5 923	6 229	4 000	4 000	4 000		2 000	2 110	2 226
Agency services		9 606	10 274	11 456	9 000	9 000	9 000		9 000	9 495	10 017
Transfers and subsidies		369 770	442 428	507 552	571 733	572 804	572 804		627 887	692 878	769 499
Other revenue	2	15 194	12 773	49 854	13 242	30 665	30 665	-	7 914	8 080	8 525
Gains on disposal of PPE		-	4 426	-							
Total Revenue		1 356 869	1 478 083	1 659 101	1 688 185	1 692 115	1 692 115	-	1 790 000	1 913 000	2 056 000

The Municipal accounts are payable by the 21st of each month. Customers who fail to pay their accounts are given seven days notification to remind them of the overdue account and the consequences of not paying their Municipal account. This period provides the customer with the opportunity to settle their municipal accounts or make payment arrangement. Customers who fail to settle their accounts after seven days are subjected to restriction of their Municipal services, ie; Restriction of water, disconnection of electricity, blocking of prepaid cards not to access services, etc. Accounts that are left unpaid even after the implementation of credit control measures for 60 days or more are handed over to the debt collectors. Debt collectors issue summons and may also attach properties of the long overdue account holders.

The collection rate for the past eight months billing against the receipts is above 76% and provision for doubtful debts is 24%. The 2018/19 Operating Revenue projections take in to consideration the first eight month's performance and the audited performance. The 2018/19 operating revenue budget projections is still roughly 9% below the National Treasury norm. As noted above the previous two year revenue performance has been less than impressive. This is

evident by the structural inefficiency that have been outline above including the negative correlation between revenue billing and revenue collection.

The Municipality has signed a Memorandum of Understanding (MOU) with the Brits Industrial Association (BIA), which paved a way to temporary halt the current Court action, by considering an alternative dispute mechanism. This process is projected to conclude in the first quarter of 2018/19. A favourable resolution to this long standing dispute has a potential of improving the Municipality's revenue collection by almost 10%. This part of the Revenue enhancement initiative to improve the Municipality collection level without necessarily increasing tariffs.

Other initiatives are outlined in water and electricity losses reduction strategy. This includes establishing a multi-departmental task team to declare war against theft/illegal use of water and electricity. The task team will involve the following stakeholders, Traffic Officers, South African Police Service, Infrastructure and Technical Services, Budget and Treasury, Eskom and Tshwane. All consumers who are stealing or illegally connecting to the Municipal grid will be removed totally and fines and criminal actions will be pursued. This initiative is projection to increase the collection level with between 5% to 7%.

Table 4: Billing vs. Collection as at 28 February 2018

Period	Billing	Receipts	Under / (Over) Collection	Payment rate
	R	R		%
July 2017	119 135 572	62 173 758	56 961 814	52,19%
August 2017	108 109 429	69 913 388	38 196 041	64,67%
September 2017	105 705 491	83 144 090	22 561 401	78,66%
October 2017	103 658 893	82 780 504	20 878 389	79,86%
November 2017	108 282 297	109 617 461	-1 335 164	101,23%
December 2017	95 608 613	90 498 452	5 110 161	94,66%
January 2018	101 442 529	71 420 098	30 022 431	70,40%
February 2018	98 095 613	72 767 166	25 328 447	74,18%
Total	840 038 437	642 314 917	197 723 520	76,98%

The Municipal Council has approved a revised organisational structure with a new division in Budget and Treasury directorate which will be responsible for revenue enhancement. The personnel in the unit will be charged with a daily responsibility of performing activities that will enable the Municipality to increase revenue sources and maximize the collection of existing revenue sources. These activities will include:

- Speeding the process of registering townships established townships that are not yet registered.

- Installation of services meters on areas with services but without metering.
- Linking of meters to the billing system.
- Consistence and accurate meter readings.
- Ensuring implementation of credit control.
- Debt collection on existing debts.
- Coordinating taking over of revenue earning infrastructure owned by other state entities (Eskom and City of Tshwane).
- Compilation of business cases for additional grants application.

To ensure that all long-term financial planning is based on a structured and consistent methodology thereby ensuring long-term financial affordability and sustainability

In view of the aforementioned, the following Table 1 is a consolidated overview of the proposed 2018/19 to 2021/22 Medium Term Revenue and Expenditure Framework –

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of Madibeng's customer base were taken into consideration. The Municipality derives its revenue from the provision of services such as electricity, water, sanitation and refuse removal. A considerable portion of the revenue is also derived from property rates and grants by national governments as well as other minor charges such as traffic fines, etcetera.

We have envisaged increasing our tariffs during this budget year, mainly to have a sustainable budget with a view of accelerating service delivery in an effective, efficient and economical way, to be able to fund certain capital and operating projects that will make a difference in our communities. For the municipality to be able to achieve its set organisational objectives and its Constitutional mandate we needed to increase the municipal services' tariff taking into account certain variables such as increases of the prices, service rendered fees, material, fuel, transportation costs from our potential services providers which are remarkable high, and the increase in external borrowings for the funding of capital projects.

The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. As in the past, increase cost primarily driven by the Consumer Price Index (CPIX), dictates an increase in the tariffs charged to the consumers and the ratepayers. It therefore follows that all the tariffs will have to be increased by a percentage in line with the forecasted CPIX

estimated at 6.0% for the 2018/19 financial year. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

Tariff Increases

As detailed above in the revenue collection section, the Municipality's revenue collection rate is lower than the norms mainly as result of a number of reasons , including culture of payment, stealing/illegal use of service, inadequate billing system, and communities boycotting payment of services because of the level of service delivery on basic services. Communities want to see service delivery first before they pay for the services while the Municipality requires customer payments in order to render service delivery. The Municipality has taken a decision not to increase the property rates tariffs in the 2018/19 and 2019/20 financial year while improving the level of service delivery in order to improve the revenue collection rate.

The proposed main average tariff increases are as follows:

Table 5: Proposed Tariff Increase Percentage

Description	Approved Previous Year 2016/17	Approved Current Year 2017/18	MTREF		
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Property rates	0,0%	0,0%	0%	5,4%	5,5%
Electricity	7,6%	0,31%	6,84%	5,4%	5,5%
Water	6,6%	6,4%	5,3%	5,4%	5,5%
Sewerage	6,6%	6,4%	5,3%	5,4%	5,5%
Refuse Removal	6,6%	6,4%	5,3%	5,4%	5,5%
Surcharges	6,6%	6,4%	5,3%	5,4%	5,5%
Other services	6,6%	6,4%	5,3%	5,4%	5,5%

Local government confronts tough fiscal choices in the face of financial and institutional problems that result in service-delivery breakdowns and unpaid bills. Municipalities are encouraged to offset these trends by improving own revenue collection, working more efficiently and implementing cost containment measures. Therefore, a balance has to be maintained between increasing the level of tariffs and affordability of Municipal service. In the context of Madibeng the issue of Tax Morality is a very important consideration, citizens of the Municipality have to see what their hard earned tax collected is spend on. A balance has to be maintained between collection of tax, service delivery, good governance, transparency and accountability of the public resources. The following is the tariffs for 2018/19 per service;

1.4.1. Property Rates

Property rates revenue increased by R 16.6m (5%) from the adjusted budget and it contribute 18% of the total revenue budget. Municipality has not increased the property rate tariff due to high increase that happened in the past years. The increase of 5% is based on additional properties that are to be formalised and the property that are being added due to supplementary valuation. Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted;

In addition to the impermissible rates of R15 000 as referred to in paragraph 5.8 in the policy, all residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. For the 2018/2019 financial year the maximum amount is determined as R60 000. The impermissible rates of R15 000 contemplated in terms of section 17(1)(h) of the Act are included in the amount as referred to above as annually determined by the Municipality. The balance amounting to R45 000 is aimed primarily at alleviating poverty and forms an important part of the Municipality's indigent policy.

Residential property shall include smallholdings/agricultural holdings unless the owner can provide sufficient proof to the Chief Financial Officer that he/she/it is conducting bona fide and sustainable farming activities on such property; provided that the keeping of animals or plants for sports and/ or recreational activities shall not be deemed to be a bona fide use for agricultural purposes; provided further any such activities that are merely incidental to the primary use of the property shall not be taken into account. In its exercising as to whether proof is provided the Chief Financial Officer shall inter alia take the following into account in exercising its' discretion:

- (a) Income and expenditure statements
- (b) The actual primary use of the property as determined by the Municipal Valuer.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on a 0% per cent increase from 1 July 2018 is contained below:

Table 6 Comparison of proposed rates to be levied in the 2018/19 financial year

Category	Current Tariff (1 July 2017)	Proposed tariff (from 1 July 2018)
	C	C
Residential properties	0,007715	0,007715
State owned properties	0,016500	0,017375
Business & Commercial	0,011033	0,011033
Agricultural	0,001929	0,001929
Vacant land	0,015182	0,015987
Industrial	0,011033	0,011033
Non-permitted use	0,052772	0,055886
Public benefit organisation properties	100%	100%

The Municipality General Valuation Roll will come to an end on 30 June 2018. A one year extension has been requested from the MEC for Local Government & Human Settlements which will extend the validity period of the valuation roll up until 30 June 2019. The process of compilation of the new valuation roll is already underway and the Municipality anticipate it to be implemented from 01 July 2019. A new valuation Service Provider has already been appointed.

1.4.2. Sale of Electricity and Impact of Tariff Increases

Electricity Revenue increased by R 14.9m (3%) from the adjusted budget and it contribute 26% of the total revenue budget. It also increased by 6% from the 2017/18 projected revenue. Breakdown of the electricity amount above R 472.3m

Description	Original Budget 1718	Adjustment Budget 1718	Actuals 1718 as at February 2018	Projected Revenue 1718	Budget 1819	%
ELEC: CONNED/ DISCONN/ RECONN FEES	15 396 332	13 126 204	3 396 185	5 094 278	5 872 000	6%
ELECTRCITY SALES	457 000 000	444 284 481	293 280 817	439 921 225	466 445 000	
Total	472 396 332	457 410 685	296 677 002	445 015 503	472 317 000	6%

The municipality is faced with a challenge of not having access in some of our township to do meter reading, faulty meters and illegal connections which affect the ability of the municipality to reach targeted billing. We see this on the table above where in 2017/18 original budget we anticipated billing of R 472.3m and we had to reduce it during the adjustment to R 457.4m.

NERSA has announced the revised bulk electricity pricing structure. A 6.84 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2018.

Considering the Eskom increases, the consumer tariff had to be increased by 6.84 per cent to offset the additional bulk purchase cost from 1 July 2018. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

It should be noted that NERSA has advised the municipality not to increase the tariff of domestic consumers for electricity because our tariff is high than the acceptable norm. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

In addition, NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2018. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

1.4.3. Sale of Water and Impact of Tariff Increases

Water Revenue increased by R 4.9m (3%) from the adjusted budget and it contribute 9% of the total revenue budget. It also increased by 4% from the 2017/18 projected revenue. Breakdown of the electricity amount above R 152.8m

Description	Original Budget 1718	Adjustment Budget 1718	Actuals 1718 as at February 2018	Projected Revenue 1718	Budget 1819	%
WATER: CONNECTION/RECONNECTION	377 790	2 260 552	697 556	1 046 334	1 015 500	4%
WATER: SALE	150 000 000	145 570 529	96 967 290	145 450 935	151 795 000	
Total	150 377 790	147 831 081	97 664 846	146 497 269	152 810 500	4%

The municipality is faced with a challenge of not having access in some of our township to do meter reading, faulty meters and illegal connections which affect the ability of the municipality to reach targeted billing. We see this on the table above where in 2017/18 original budget we anticipated billing of R 150.3m and we had to reduce it during the adjustment to R 147.8m.

We are confident that with the current meter replacement project taking place in area that we have access on, the project will have an impact on water revenue. With the new proposed organisational structure, Budget and Treasury is proposing a new unit called revenue

enhancement which its main task is to ensure completeness of revenue. The will ensure that we bill all our customers and that we collect all what we have billed.

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure;

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The National Treasury has advised all municipalities to ensure that water tariff structures are cost. The following is a summary of the proposed tariffs for households residential;

Table 7 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS Jul-17	PROPOSED TARIFFS Jul-18
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
0 – 6 kl per month	10,4	10,9
Above 6 – 10 kl per month	13,2	13,9
Above 10 – 15 kl per month	18,4	19,4
Above 15 – 20 kl per month	19,5	20,6
Above 20 – 30 kl per month	21,8	23,0
Above 30 – 40 kl per month	22,9	24,2

1.4.4 Sanitation and Impact of Tariff Increases

Sewer revenue increased by R 12.1m (24%) from the adjusted budget and it contribute 3% of the total revenue budget. It also increased by 5% from the 2017/18 projected revenue;

Description	Original Budget 1718	Adjustment Budget 1718	Actuals 1718 as at February 2018	Projected 1718	Budget 1819	%
WASTE WATER MANGEMENT	37 582 789,60	38 574 798,84	31 984 069,25	47 976 103,88	50 740 000,00	5%

A tariff increase of 5.3 per cent for sanitation from 1 July 2018 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI

increase of 5.3 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R53 million for the 2018/19 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFFS Jul-17	PROPOSED TARIFFS Jul-18
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
0 – 6 kl per month	3,9	4,1
Above 6 – 10 kl per month	4,6	4,8
Above 10 – 15 kl per month	5,4	5,7
Above 15 – 20 kl per month	6,4	6,7
Above 20 – 30 kl per month	7,5	7,9
Above 30 – 40 kl per month	8,9	9,3

1.4.5 Waste Removal and Impact of Tariff Increases

Refuse Removal increased by R 13.2m (25%) from the adjusted budget and it contribute 3% of the total revenue budget. It also increased by 5% from the 2017/18 projected revenue

Description	Original Budget 1718	Adjustment Budget 1718	Actuals 1718 as at February 2018	Projected 1718	Budget 1819	%
REFUSE REMOVAL	32 552 880,48	39 798 678,43	33 561 643,30	50 342 464,95	53 000 000,00	5%

A 5.3 per cent increase in the waste removal tariff is proposed from 1 July 2018. Higher increases will not be viable in 2018/19, any increase higher than 5.3 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

TABLE 9: Tariff increase impact on consumers											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		451,00	476,26	501,52	440,40	440,40	440,40	5,3%	463,74	488,78	515,18
Electricity: Basic levy		–	–	–							
Electricity: Consumption		1 150,00	1 214,40	1 278,80	1 310,75	1 310,75	1 310,75	6,8%	1 399,88	1 475,47	1 555,14
Water: Basic levy		30,78	32,50	34,22	36,86	36,86	36,86	5,3%	38,82	40,91	43,12
Water: Consumption		250,00	264,00	278,00	299,44	299,44	299,44	5,3%	315,31	332,33	350,28
Sanitation		230,74	243,66	256,58	276,37	276,37	276,37	5,3%	291,01	306,73	323,29
Refuse removal		74,10	78,25	82,40	88,75	88,75	88,75	5,3%	93,46	98,50	103,82
Other											
sub-total		2 186,62	2 309,07	2 431,52	2 452,56	2 452,56	2 452,56	6,1%	2 602,21	2 742,73	2 890,83
VAT on Services		306,13	323,27	340,41	343,36	343,36	343,36		390,33	411,41	433,63
Total large household bill:		2 492,75	2 632,34	2 771,93	2 795,92	2 795,92	2 795,92	7,0%	2 992,54	3 154,14	3 324,46
% increase/decrease			5,6%	5,3%	0,9%	–	–		7,0%	5,4%	5,4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		58,25	9,30	58,25	183,24	183,24	183,24	5,3%	192,95	203,37	214,35
Electricity: Basic levy			–	–	–	–	–				
Electricity: Consumption		160,00	73,92	160,00	79,78	79,78	79,78	6,8%	85,21	89,81	94,66
Water: Basic levy		30,78	32,50	34,22	36,86	36,86	36,86	5,3%	38,82	40,91	43,12
Water: Consumption		75,00	79,20	83,40	89,83	89,83	89,83	5,3%	94,59	99,70	105,08
Sanitation		105,34	111,24	117,14	126,17	126,17	126,17	5,3%	132,86	140,03	147,59
Refuse removal		74,10	78,25	82,40	88,75	88,75	88,75	5,3%	93,46	98,50	103,82
Other											
sub-total		503,47	384,41	535,41	604,64	604,64	604,64	5,5%	637,88	672,32	708,63
VAT on Services		70,49	53,82	74,96	84,65	84,65	84,65		95,68	100,85	106,29
Total small household bill:		573,96	438,23	610,37	689,29	689,29	689,29	6,4%	733,56	773,17	814,92
% increase/decrease			(23,6%)	39,3%	12,9%	–	–		6,4%	5,4%	5,4%
				– 2,66	– 0,67	– 1,00	–				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		8,81	9,30	9,79	9,30	9,30	9,30	5,3%	9,79	10,32	10,88
Electricity: Basic levy		–	–	–	–	–	–				
Electricity: Consumption		70,00	73,92	77,84	79,78	79,78	79,78	6,8%	85,21	89,81	94,66
Water: Basic levy		30,78	32,50	34,22	36,86	36,86	36,86	5,3%	38,82	40,91	43,12
Water: Consumption		75,00	79,20	83,40	89,83	89,83	89,83	5,3%	94,59	99,70	105,08
Sanitation		105,34	111,24	117,14	126,17	126,17	126,17	5,3%	132,86	140,03	147,59
Refuse removal		74,10	78,25	82,40	88,75	88,75	88,75	5,3%	93,46	98,50	103,82
Other											
sub-total		364,03	384,41	404,79	430,70	430,70	430,70	5,6%	454,73	479,28	505,16
VAT on Services		50,96	73,33	95,69	60,30	60,30	60,30		68,21	71,89	75,77
Total small household bill:		414,99	457,74	500,48	491,00	491,00	491,00	6,5%	522,93	551,17	580,94
% increase/decrease			10,3%	9,3%	(1,9%)	–	–		6,5%	5,4%	5,4%

Rental of facilities and equipment is included on other revenue with the amount of R 1m rand.

Interest earned - external investments increased by R 2.5m (40%) from the adjusted budget and it contribute 0.4% of the total revenue budget.

Interest earned - outstanding debtors increased by R 4.4m (5%) from the adjusted budget and it contribute 5% of the total revenue budget.

Fines, penalties and forfeits no changes from the adjusted budget.

Licences and permits decreased by R 2m (100%) from the adjusted budget and it contribute 0.1% of the total revenue budget. The municipality is in the process of procuring a system that will help with traffic fines, licenses and permit management.

Agency services remains the same as the adjusted budget and it contribute 1% of the total revenue budget.

Operational Transfers and subsidies increased by R 55m (9%) from the adjusted budget and it contribute 35% of the total revenue budget.

Other revenue decreased by R 22.7m (287%) from the adjusted budget and it contribute 0.4% of the total revenue budget. The decline is due to mSCOA classification which groups all water and electricity items together, and some of those items we used to classify them as other revenue.

TRANSFERS AND GRANTS ALLOCATION

Revenue from grant funding is set out in Division of Revenue Act (DORA) and the Provincial Gazette. The total transfers and grants allocation to the municipality is R 913.1 million in the 2018/19 financial year. The allocation has increased by R 39.4 million or 4% from the 2017/18 adjusted transfers and grants allocation. The allocation for 2019/20 and 2020/21 amount to R 990.6 million and R1.08 billion.

The total operating transfers and grants for the 2018/19 financial year amount to R 627.8 million, R 692.8 million and R 769.4 million for the 2019/20 and 2020/21 financial years.

The infrastructure grant for the 2018/19 financial year is appropriated at R285.2 million. And the allocation for the two outer years is estimated at R 297.7 million and R 317.7million respectively. Table 4 below gives a breakdown of the various Grants and subsidies allocated to the municipality over the medium term period.

Table 4: Transfers and Grant Allocations

	Audit Outcome 2016/2017	Approved Budget 2017/2018	Adjusted Budget 2017/2018	Budget Year 1 2018/2019	Budget Year +1 2019/2020	Budget Year +2 2020/2021
Description	R'000	R'000	R'000	R'000	R'000	R'000
Equitable Share	503 048	567 442	567 442	624 943	690 643	766 832
Financial Management Grant	1 625	1 700	1 700	1 770	2 235	2 667
Expanded Public Works Programme	1 545	2 591	2 591	1 174	–	–
Library Grant	1 300	–	1 000	–	–	–
Municipal Infrastructure Grant	248 907	287 005	287 005	285 258	281 797	298 503
Integrated National Electrification	11 304	14 000	14 000	–	16 000	19 200
Total Operating Grants & Subsidies	767 729	872 738	873 738	913 145	990 675	1 087 202

Transfers and Grant Allocations in Kind

The total grant allocation in kind for the 2018/19 amount to R160.3 million. The allocation for the two outer year's amount to R 309.3 million and R 377.5 million.

Table 5 below provides the details of Transfers and Grant Allocations in Kind for Madibeng Local Municipality over the MTREF period.

Table 5: Transfers and Grant Allocations in Kind

	Approved Budget 2017/2018	Adjusted Budget 2017/2018	Budget Year 2018/2019	Budget Year +1 2019/2020	Budget Year +2 2020/2021
Description	R'000	R'000	R'000	R'000	R'000
Eskom grant	86 729	567 442	80 312	59 322	62 584
Regional Bulk infrastructure Grant	50 000	2 591	80 000	70 000	135 000
Water Services Infrastructure Grant	60 000	1 000	–	180 000	180 000
Total Operating Grants & Subsidies	196 729	571 033	160 312	309 322	377 584

The Municipality would not be the implementing agent or fully responsible for implementation however, it is recommended that the progress should be monitored and be reported accordingly. The Infrastructure and Technical Services Department will liaise with the implementing agents from time to time to monitor the progress and provide feedback thereof. The allocation will be transferred directly to:

- Eskom;
- Department of Water and Sanitation.

Transfers and Grants Allocation

Revenue from grant funding is set out in Division of Revenue Act (DORA) and the Provincial Gazette. The total transfers and grants allocation to the municipality is R 913.1 million in the 2018/19 financial year. The allocation has increased by R 39.4 million or 4% from the 2017/18 adjusted transfers and grants allocation. The allocation for 2019/20 and 2020/21 amount to R 990.6 million and R1.08 billion.

The total operating transfers and grants for the 2018/19 financial year amount to R 627.8 million, R 692.8 million and R 769.4 million for the 2019/20 and 2020/21 financial years.

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Description	R'000	R'000	R'000	R'000	R'000	R'000
Equitable Share	503 048	567 442	567 442	624 943	690 643	766 832
Financial Management Grant	1 625	1 700	1 700	1 770	2 235	2 667
Expanded Public Works Programme	1 545	2 591	2 591	1 174	–	–
Library Grant	1 300	–	1 000	–	–	–
Municipal Infrastructure Grant	248 907	287 005	287 005	285 258	281 797	298 503
Integrated National Electrification	11 304	14 000	14 000	–	16 000	19 200
Total Operating Grants & Subsidies	767 729	872 738	873 738	913 145	990 675	1 087 202

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Water Services Infrastructure Grant	60 000	1 000	–	180 000	180 000
Total Operating Grants & Subsidies	196 729	571 033	160 312	309 322	377 584

Even though the municipality would not be the implementing agent or fully responsible for implementation, it is recommended that the progress should be monitored and be reported accordingly. The Infrastructure and Technical Services Department will liaise with the implementing agents from time to time to monitor the progress and provide feedback thereof. The allocation will be transferred directly to:

- Eskom;
- Department of Water Affairs and;

1.5 OPERATING EXPENDITURE FRAMEWORK

Our municipality continues to face institutional challenges and legacy mismanagement that result in bad debt accumulation, limited cash flows and consequent non-payment of creditors. Water boards are owed the greater percentage of the total municipal creditors; and protracted non-payment undermines the financial sustainability of these state-owned entities.

The non-payment of creditors is a symptom of underlying problems which include, among others, weaknesses in revenue collection and underinvestment in asset maintenance and renewal, which compromises the reliability of delivering basic services. Taking the 2016/17 Auditor General report, it's clear that all outstanding Creditor have to be reassessed to ensure compliance and value for money. This is in order to curb ever increasing irregular expenditure and non-

compliance. Therefore all contract have to be reviewed, and where any irregularities are identified, immediate action has to be taken in the interest of future sustainability of Council.

The total operating expenditure budget has grown by R 26.3 million or 1% when compared with the 2017/18 Adjustment Budget and by R 92.2 million or 4% compared with the 2017/18 Approved Budget.

Table 7: Summary of Operating Expenditure by Classification

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type											
Employee related costs	2	324 766	358 844	392 302	380 852	380 852	380 852	-	390 960	408 710	431 189
Remuneration of councillors		22 406	23 727	25 456	27 000	29 000	29 000		32 370	32 185	33 955
Debt impairment	3	85 326	228 753	157 979	270 000	270 000	270 000		280 000	285 000	300 675
Depreciation & asset impairment	2	720 685	483 686	458 952	604 762	604 762	604 762	-	552 750	528 574	510 146
Finance charges		101 124	115 680	131 937	100 000	100 000	100 000		110 500	116 467	122 873
Bulk purchases	2	482 036	472 484	452 876	549 800	531 000	531 000	-	550 000	565 870	596 993
Other materials	8	99 626	112 585	122 069	83 940	87 110	87 110		101 523	110 334	116 402
Contracted services		112 791	129 644	259 308	145 400	190 141	190 141	-	184 500	195 760	206 527
Transfers and subsidies		13 323	22 610	20 819	10 000	5 000	5 000	-	12 000	13 810	14 570
Other expenditure	4, 5	342 785	197 585	119 007	121 401	159 588	159 588	-	170 761	179 604	189 480
Loss on disposal of PPE		11 400	132 128	129 135							
Total Expenditure		2 316 268	2 277 726	2 269 841	2 293 154	2 357 452	2 357 452	-	2 385 364	2 436 314	2 522 808
Surplus/(Deficit)		(959 399)	(799 643)	(610 740)	(604 969)	(665 338)	(665 338)	-	(595 364)	(523 314)	(466 808)

ANALYSIS OF SOME OF THE PROPOSED EXPENDITURE

Remuneration of Employees

Employee related cost increased by R 10.1m (3%) from the adjusted budget and it contribute 16% of the total expenditure budget. As part of the Municipality's cost reprioritization and cash management strategy the Municipality is in a process of reviewing its organisational structure. As part of the planning assumptions and interventions a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. In

addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

Description	Budget 1819	Budget 1920	Budget 2021
SENIOR MANAGEMNT	10 684 364,00	11 021 083,00	11 627 242,57
MS: SAL & ALL: BASIC SALARY & WAGES	226 031 436,00	235 158 222,00	248 091 924,21
MS: SAL & ALL: PERFORMANCE BASED BONUSES	19 986 275,00	20 980 560,00	22 134 490,80
MS: ALL - CELLULAR & TELEPHONE	219 040,00	230 151,00	242 809,31
MS: HB & INC: HOUSING BENEFITS	2 168 563,00	2 275 969,00	2 401 147,30
MS: ALL - LEAVE PAY	11 232 764,00	11 843 560,00	12 494 955,80
MS: ALL - TRAVEL OR MOTOR VEHICLE	22 451 470,00	23 669 229,00	24 971 036,60
MS: OVERTIME - NON STRUCTURED	15 874 170,00	16 740 093,00	17 660 798,12
MS: SRB - ACTING ALLOWANCE	3 940 837,00	4 155 309,00	4 383 851,00
MS: SRB - STANDBY ALLOWANCE	3 007 572,00	3 172 221,00	3 346 693,16
MS: SRB - UNIFORM/SPEC/PROTEC CLOTHING	1 118 877,00	1 179 849,00	1 244 740,70
MS: SOC CONTR - BARGAINING COUNCIL	100 151,00	105 603,00	111 411,17
MS: SOC CONTR - MEDICAL	26 118 008,00	27 540 629,00	29 055 363,60
MS: SOC CONTR - PENSION	46 186 117,00	48 699 936,00	51 378 432,48
MS: SOC CONTR - UNEMPLOYMENT INSUR FUND	1 840 356,00	1 937 586,00	2 044 103,23
TOTAL	390 960 000,00	408 710 000,00	431 189 000,00

Remuneration of Councillors

Remuneration of councillors increased by R 3.3m (10%) from the adjusted budget and it contribute 1% of the total expenditure budget. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

Description	Budget 1819	Budget 1920	Budget 2021
SPEAKER: OFFICE-BEARER ALLOWANCE	690 953,00	728 263,00	768 247,47
WHIP: OFFICE-BEARER ALLOWANCE	649 368,00	683 534,00	721 128,37
EXEC MAYOR: OFFICE-BEARER ALLOWANCE	856 716,00	902 978,00	952 641,79
EXCO: OFFICE-BEARER ALLOWANCE (MMC'S)	8 879 407,00	8 311 140,00	8 768 252,70
OTH COUNCIL: OFFICE-BEARER ALLOWANCE	21 293 556,00	21 559 085,00	22 744 729,68
TOTAL	32 370 000,00	32 185 000,00	33 955 000,00

Debt Impairment

Debt impairment increased by R 10m (4%) from the adjusted budget and it contribute 16% of the total expenditure budget. The provision of debt impairment was determined based on an annual collection rate of 76 per cent and the Debt Write-off Policy of the municipality. For the 2018/2019

financial year this amount equates to R 280 million and escalates to R 300.6 million by 2020/21. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Depreciation and Assets Impairment

Depreciation and asset impairment decreased by R 52m (-9%) from the adjusted budget and it contribute 31% of the total expenditure budget. Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R 552.7 million for the 2018/19 financial and equates to 23 per cent of the total operating expenditure.

Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. This expenditure is also considered to be a non-cash flow item.

Finance Charges

Finance charges increased by R 10.5m (10%) from the adjusted budget and it contribute 6% of the total expenditure budget. Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 5 per cent (R110 million) of operating expenditure excluding annual redemption for 2018/19 and increase to R115 million by 2019/20. As previously noted, the Municipality has reached its prudential limits for borrowing.

Bulk Purchases

Bulk purchases increased by R 19m (3%) from the adjusted budget and it contribute 31% of the total expenditure budget. Included on bulk purchases are the following items.

Description	Budget 1819	Budget 1920	Budget 2021
ESCOM & CITY OF TSHWANE ELECTRICITY	470 000 000,00	480 920 000,00	507 370 600,00
BULK WATER PURCHASES - CITY OF TSHWANE WATER	50 000 000,00	53 300 000,00	56 231 500,00
BULK WATER PURCHASES - RAND WATER	30 000 000,00	31 650 000,00	33 390 750,00
TOTAL	550 000 000,00	565 870 000,00	596 992 850,00

Bulk purchases are directly informed by the purchase of electricity from Eskom and City of Tshwane and water from Rand Water and City of Tshwane. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other Materials

Other materials (Repairs and Maintenance) increased by R 14.4m (14%) from the adjusted budget and it contribute 6% of the total expenditure budget. The items below gives an indication that the repairs and maintenance of the municipality is mostly contracted. Included on other materials are the following items.

Description	Budget 1819	Budget 1920	Budget 2021
CONTR: GARDENING SERVICES	2 578 000,00	2 719 790,00	2 869 378,45
CONTR: BORE WATERHOLE - MAGALIES	5 000 000,00	5 275 000,00	5 565 125,00
CONTR: MAINT OF BUILDINGS & FACILITIES	5 000 000,00	5 275 000,00	5 565 125,00
CONTR: MAINTENANCE OF UNSPECIFIED ASSETS	15 000 000,00	15 811 000,00	16 680 605,01
CONTR: MAINTENANCE OF EQUIPMENT - PHOTOCOPIERS	14 000 000,00	14 756 000,00	15 567 580,00
CONTR: OTHER	2 245 110,00	2 371 333,00	2 501 352,01
C&PS: I&P ENGINEERING CIVIL	4 000 000	4 220 000	4 452 100
C&PS: I&P ENGINEERING CIVIL	6 000 000	6 330 000	6 678 150
C&PS: I&P ENGINEERING CIVIL	10 000 000	10 550 000	11 130 020
C&PS: I&P ENGINEERING CIVIL	15 000 000	19 100 000	20 150 500
OS: CONNECT/DIS-CONNECTION: ELECTICITY	2 700 000	2 845 800	3 002 319
OS: ELECTRICAL SERVICES	20 000 000	21 080 000	22 239 400
TOTAL	101 523 110	110 333 923	116 401 654

Contracted Services

Contracted services decreased by R 5.6m (-3%) from the adjusted budget and it contribute 10% of the total expenditure budget. The decline is due to some of contractors are classified under repairs and maintenance. The Municipal Council is also taking a deliberate action to reduce the number of contracts that have been irregularly appointed and has no value for money.

This shall be done without exposing Council to unnecessary litigation and risk. Some maintenance contract shall be faced out by insourcing some of the services including compilation of Annual Financial Statement, maintenance of pump stations and electricity maintenance. The context or reviewing the contracted services should be viewed as an integral part of the Municipality's long term financial sustainability plan. The following is the breakdown of the contracted services are the following items.

Description	Budget 1819	Budget 1920	Budget 2021
OS: HYGIENE SERVICES	3 000 000	3 162 000	3 335 910
OS: SEWERAGE SERVICES	7 500 000	7 909 500	8 344 523
OS: WATER TANKERS	5 000 000	5 275 000	5 565 125
OS: METER MANAGEMENT	7 000 000	7 385 000	7 791 175
OS: VALUATION ROLL	9 000 000	9 486 000	10 007 730
OS: ACCOUNTANTS & AUDITORS	19 000 000	20 512 000	21 640 160
OS: SECURITY SERVICES	28 000 000	29 540 000	31 164 700
OS: REFUSE REMOVAL	30 000 000	32 468 400	34 254 162
C&PS: B&A AUDIT COMMITTEE	650 000	527 000	555 985
C&PS: B&A PROJECT MANAGEMENT	2 000 000	2 108 000	2 223 940
C&PS: I&P TOWN PLANNER	3 000 000	3 000 000	3 165 000
C&PS: B&A ACCOUNTANTS & AUDITORS	8 000 000	8 432 000	8 895 760
C&PS: LEGAL COST ADVICE & LITIGATION	15 000 000	15 810 000	16 679 550
C&PS: DEBT COLLECTION AND COMMISSION	17 000 000	18 000 000	18 990 000
OC: EXT COM SERV PROV - INFORMATION SERV	17 000 000	17 918 000	18 903 490
OC: AUDIT COST: EXTERNAL	4 000 000	4 216 000	4 447 880
OC: EXT COM SERV PROV - S/WARE LICENCES	5 000 000	5 270 000	5 559 850
OC: CONTR TO PROV - REHAB LANDFILL SITES	3 000 000	3 162 000	3 335 910
C&PS: OTHER	1 350 000	1 579 100	1 665 951
TOTAL	184 500 000	195 760 000	206 526 800

As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2018/19 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Transfers and Subsidies

Transfers and subsidies increased by R 7m (58%) from the adjusted budget and it contribute 1% of the total expenditure budget.

Other Expenditure

Other expenditure increased by R 11.9m (7%) from the adjusted budget and it contribute 10% of the total expenditure budget. This expenditure includes amongst others:

Description	Budget 1819	Budget 1920	Budget 2021
OC: ADV/PUB/MARK - CORP & MUN ACTIVITIES	1 000 000	1 054 000	1 111 970
OC: REG FEES NATIONAL	1 000 000	1 054 000	1 111 970
OC: T&S DOM - ACCOMMODATION	1 260 000	1 328 040	1 401 082
OC: ADV/PUB/MARK - CORP & MUN ACTIVITIES	1 800 000	1 897 200	2 001 546
OC: BC/FAC/C FEES - BANK ACCOUNTS	2 000 000	2 110 000	2 226 050
OC: COMM - CELL CONTRACT (SUBS & CALLS)	2 000 000	2 108 000	2 223 940
OC: EXT COM SERV PROV - INTERNET CHARGE	2 000 000	2 108 000	2 223 940
OC: COMM - PHONE FAX TELEGRAPH & TELEX	2 300 000	2 424 200	2 557 531

Description	Budget 1819	Budget 1920	Budget 2021
OC: CONTR TO PROV - REHAB LANDFILL SITES	3 000 000	3 162 000	3 335 910
OC: PRINTING & PUBLICATIONS	3 000 000	3 162 000	3 335 910
OC: REMUNERATION TO WARD COMMITTEES	4 000 000	4 200 000	4 431 000
OC: EXT COM SERV PROV - WIRELESS NETWORK	5 000 000	5 270 000	5 559 850
OC: T&S DOM - ACCOMMODATION	5 000 000	5 275 000	5 565 125
OC: T&S DOM - ACCOMMODATION	6 000 000	6 324 000	6 671 820
OC: INSUR UNDER - PREMIUMS	10 000 000	10 540 000	11 119 700
OC: INDIGENT RELIEF	12 000 000	13 810 000	14 569 550
INV - CONSUMABLE STORES - STANDARD RATED	4 087 090	4 308 601	4 545 574
INV - CONSUMABLE STORES - ZERO RATED	10 953 880	11 556 185	12 191 685
INVENTORY - MATERIALS & SUPPLIES	11 435 200	12 062 846	12 725 898
OPR LEASES: TRANSPORT ASSETS	62 000 000	65 110 000	68 691 050
OC: OTHER	20 925 120	20 740 005	21 878 789
TOTAL	170 761 290	179 604 077	189 479 891

Operating leases amounts to R62 million and it contribute 3% of the total expenditure budget.

Consumable stores - zero rated amounts to R10.9 million which contribute 0.4% of the total expenditure budget.

Insurance – Premiums amounts to R10 million which is the premiums for the entire assets of the municipality.

Free Basic Service: Basic Social Relieve

Indigent relief amounts to R12 million which is for Free Basic Services: Basic Social Services Package. The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2018/19 financial year, a process reviewed annually.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in MBRR A10 (Basic Service Delivery Measurement). The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

Section 18 and 19 of the MFMA were taken in to consideration regarding the funding of capital project. That spending on Capital Budget to be financed from grants and other external mechanisms would take place after the funds have been received.

Table 8 on below detailed the funding sources for Capital Budget over the medium term period.

Table 8 Capital Budget per Funding Sources

	Audit Outcome 2016/2017	Approved Budget 2017/2018	Adjusted Budget 2017/2018	Budget Year 1 2018/2019	Budget Year +1 2019/2020	Budget Year +2 2020/2021
Description	R'000	R'000	R'000	R'000	R'000	R'000
Internal funding			8 482			
Municipal Infrastructure Grant	248 907	287 005	287 005	285 258	281 797	298 503
Integrated National Electrification	11 304	14 000	14 000	–	16 000	19 200
Total Operating Grants & Subsidies	260 211	301 005	311 487	285 258	297 797	317 703

The Capital Budget for the 2018/2019 financial year has been projected at R 285 million. It is a decrease of R 26.2 million or 9% from the Adjustment Capital Budget. The two outer financial years the Capital Budget is projected at R 297.7 million and R 317.7.

The proposed Capital Budget is entirely based on the IDP priorities of the Municipality in order to achieve National targets on service provision. The IDP as the principal strategic planning instrument has guided and informed the planning during the budget process.

Table 9: The percentage of Capital Budget allocation per categories in line with IDP priorities is as follows:

Categories	PROPOSED BUDGET 2018/19	PROPOSED BUDGET 2019/20	PROPOSED BUDGET 2020/21
Water and Sanitation	54%	63%	61%
Roads, Storm-water & Taxi rank	37%	26%	28%
Electricity	1%	6%	7%
Sports and Recreational Facilities and other	8%	5%	5%
TOTAL	100%	100%	100%

Table 10: Capital Budget by Expenditure Categories

Categories	PROPOSED BUDGET 2018/19	PROPOSED BUDGET 2019/20	PROPOSED BUDGET 2020/21
Water and Sanitation	155 245 350	189 000 000	193 000 000
Roads, Storm-water & Taxi rank	105 787 417	76 000 000	88 000 000
Electricity	2 249 750	18 797 000	21 777 850
Sports and Recreational Facilities, other	21 975 483	14 000 000	14 925 150
TOTAL	285 258 000	297 797 000	317 703 000

Table 11: Detailed Capital Budget List

DESCRIPTION	WARDS	PROPOSE D BUDGET 2018/19	PROPOSE D BUDGET 2019/20	PROPOSE D BUDGET 2020/21	Funding Source
KLIPGAT EXTENTION WATER SUPPLY	24, 8, 36, 37	30 000 000	30 000 000	30 000 000	MIG
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOENG/ WATER	10,15,16,41	45 000 000	35 000 000	35 000 000	MIG
HEBRON TO MADIDI BULK WATER PIPELINE	3	35 000 000	30 000 000	40 000 000	MIG
INDUSTRIAL SEWER DEKROON	19	10 245 350			MIG
KLIPGAT SANITATION PROJECT	24, 8, 36, 37	25 000 000	20 000 000	20 000 000	MIG
WARD 1 VIP TOILETS	1	-	14 000 000	12 000 000	MIG
UPGRADING OF MOTHOTLUNG OUTFALL SEWER	20	-	20 000 000	20 000 000	MIG
UPGRADING OF OUKASIE OUTFALL SEWER	13, 14, 22	-	25 000 000	21 000 000	MIG
WATER SUPPLY AUGMENTATION: BOREHOLES (CLUSTERS)	1,2,25,26,27 ,29,34	10 000 000	15 000 000	15 000 000	MIG
HIGH MASS LIGHT ENERGISING	10,15,16,41	2 249 750	2 797 000	2 577 850	MIG
CLUSTER 1 INTERNAL ROADS	7, 25, 28, 31	11 000 000	10 000 000	13 000 000	MIG
CLUSTER 2 INTERNAL ROADS	13, 14, 21, 22, 23,39	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 3	10,15,16,41	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 4	3, 8, 24, 36, 37	11 000 000	11 000 000	14 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 5	9,11,12,35,3 8	28 787 417	11 000 000	13 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 6	1, 2	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 7	4, 5, 6, 34	11 000 000	11 000 000	12 000 000	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 8	17,18,19,20	11 000 000	-	-	MIG
MABOLOKA SPORTS FACILITY	4, 5, 6	9 500 000	-	-	MIG
PMU OPERATIONS AND MANAGEMENT		12 475 483	14 000 000	14 925 150	MIG
OUKASIE SUBSTATION	13, 14, 21, 22, 23,39		16 000 000	19 200 000	INEP
TOTAL		285 258 000	297 797 000	317 703 000	

Table 11 above details all the capital projects and their funding sources with wards that will be benefiting from the projects. With regard to cluster roads the ward that is bolded is the actual ward where the project will be implemented within the cluster.

Further detail relating to asset classes and proposed capital expenditure is contained on MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as tabled to Council.

MBRR Table A1 - Budget Summary

NW372 Madibeng - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	312 010	292 796	296 046	303 530	303 530	303 530	196 937	320 131	336 016	353 769
Service charges	574 162	636 887	684 075	692 910	683 615	683 615	466 254	728 868	767 324	809 526
Investment revenue	3 750	7 717	4 301	5 500	3 872	3 872	5 650	6 400	6 752	7 123
Transfers recognised - operational	369 770	442 428	507 552	571 733	572 804	572 804	428 806	627 887	692 878	769 499
Other own revenue	97 176	98 255	167 127	114 512	128 294	128 294	61 479	106 715	110 030	116 082
	1 356 869	1 478 083	1 659 101	1 688 185	1 692 115	1 692 115	1 159 127	1 790 000	1 913 000	2 056 000
Total Revenue (excluding capital transfers and contributions)										
Employee costs	324 766	358 844	392 302	380 852	380 852	380 852	274 258	390 960	408 710	431 189
Remuneration of councillors	22 406	23 727	25 456	27 000	29 000	29 000	18 707	32 370	32 185	33 955
Depreciation & asset impairment	720 685	483 686	458 952	604 762	604 762	604 762	230	552 750	528 574	510 146
Finance charges	101 124	115 680	131 937	100 000	100 000	100 000	83 998	110 500	116 467	122 873
Materials and bulk purchases	581 663	585 069	574 945	633 740	618 110	618 110	327 880	651 523	676 204	713 395
Transfers and grants	13 323	22 610	20 819	10 000	5 000	5 000	1 649	12 000	13 810	14 570
Other expenditure	552 302	688 110	665 430	536 801	619 729	619 729	177 363	635 261	660 364	696 682
Total Expenditure	2 316 268	2 277 726	2 269 841	2 293 154	2 357 452	2 357 452	884 085	2 385 364	2 436 314	2 522 808
Surplus/(Deficit)	(959 399)	(799 643)	(610 740)	(604 969)	(665 338)	(665 338)	275 042	(595 364)	(523 314)	(466 808)
Transfers and subsidies - capital (monetary allocations) (National)	257 470	296 832	260 211	301 005	301 005	301 005	106 603	285 258	297 797	317 703
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)
Capital expenditure & funds sources										
Capital expenditure	233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703
Transfers recognised - capital	224 181	283 205	232 101	301 005	301 005	301 005	83 782	285 258	297 797	317 703
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	9 400	5 796	20 513	-	10 482	10 482	132	-	-	-
Total sources of capital funds	233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703
Financial position										
Total current assets	383 553	398 955	654 748	482 618	462 984	489 687	465 614	498 183	612 802	748 168
Total non current assets	6 033 047	6 394 782	6 099 333	6 074 015	6 074 015	6 074 015	6 074 015	6 395 937	6 741 317	6 751 874
Total current liabilities	469 043	522 797	699 768	259 500	259 500	259 500	273 254	273 254	288 009	288 543
Total non current liabilities	938 071	1 057 948	1 191 848	1 017 000	1 017 000	1 017 000	1 017 000	1 070 901	1 128 730	1 127 659
Community wealth/Equity	5 009 486	5 212 992	4 862 464	5 280 133	5 260 499	5 287 202	5 263 129	5 549 966	5 937 381	6 083 840
Cash flows										
Net cash from (used) operating	289 882	297 077	210 112	350 358	341 206	381 206	113 521	341 750	388 591	452 330
Net cash from (used) investing	(227 236)	(289 187)	(252 747)	(301 005)	(311 487)	(311 487)	(67 390)	(285 258)	(297 797)	(317 703)
Net cash from (used) financing	165	2 307	1 089	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	58 958	69 155	27 609	20 118	30 203	70 203	46 614	56 976	147 770	282 397
Cash backing/surplus reconciliation										
Cash and investments available	74 174	85 257	44 132	76 618	56 984	83 687	59 614	70 665	162 198	297 619
Application of cash and investments	465 572	419 287	292 698	74 847	62 957	48 470	46 171	64 804	66 938	73 155
Balance - surplus (shortfall)	(391 398)	(334 030)	(248 565)	1 771	(5 973)	35 217	13 443	5 861	95 260	224 464
Asset management										
Asset register summary (WDV)	5 659 559	6 086 568	6 061 015	6 061 015	6 061 015	6 061 015		6 382 248	6 726 889	6 736 652
Depreciation	720 685	483 686	458 952	604 762	604 762	604 762		552 750	528 574	510 146
Renewal of Existing Assets	-	-	-	-	-	-		-	-	-
Repairs and Maintenance	99 626	112 585	122 069	83 940	87 110	87 110		101 523	110 334	116 402
Free services										
Cost of Free Basic Services provided	11 364	11 120	10 778	2 195	2 195	2 195	22 785	22 785	24 022	25 343
Revenue cost of free services provided	28 413	24 887	-	26 485	26 470	26 470	32 813	32 813	34 913	36 833
Households below minimum service level										
Water:	89	81	103	107	107	107	106	106	110	116
Sanitation/sew erage:	59	62	81	81	81	81	82	82	82	78
Energy:	163	170	176	183	183	183	186	186	193	195
Refuse:	383	399	420	437	437	437	453	453	444	459

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed

5. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections
6. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2020/21 the water backlog will have been very nearly eliminated

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 7 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NW372 Madibeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Chief Operating Officer		-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Support Services		26	24	24	-	-	-	-	-	-
Vote 5 - Budget And Treasury Office		573 429	802 377	950 227	966 893	946 360	946 360	998 385	1 080 955	1 178 192
Vote 6 - Infrastructure And Technical Services		578 321	681 660	669 490	950 444	950 444	950 444	1 002 206	1 052 577	1 113 996
Vote 7 - Community Services		32 193	33 033	40 411	60 271	77 661	77 661	61 214	64 311	67 848
Vote 8 - Human Settlement		2 411	2 703	-	2 514	2 684	2 684	-	-	-
Vote 9 - Economic Dev, tourism & Agriculture		410 210	234 506	249 938	2 692	2 781	2 781	1 374	211	222
Vote 10 - Public Safety, Fleet and Facilities Managem		17 749	20 612	9 222	6 375	13 189	13 189	12 080	12 743	13 444
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 614 338	1 774 915	1 919 312	1 989 190	1 993 120	1 993 120	2 075 258	2 210 797	2 373 703
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive Council		31 342	32 177	70 186	35 511	39 100	39 100	43 179	43 403	45 790
Vote 2 - Municipal Manager		6 072	7 139	2 408	7 155	3 546	3 546	4 880	4 933	5 204
Vote 3 - Chief Operating Officer		29 614	32 340	15 059	38 359	40 197	40 197	42 107	44 469	46 915
Vote 4 - Corporate Support Services		68 120	90 834	123 815	85 909	77 382	77 382	95 064	100 221	105 733
Vote 5 - Budget And Treasury Office		1 049 274	1 053 765	1 055 560	1 038 771	1 032 137	1 032 137	1 038 036	1 044 909	1 054 879
Vote 6 - Infrastructure And Technical Services		870 460	762 338	724 950	786 618	808 893	808 893	810 428	827 193	872 685
Vote 7 - Community Services		106 339	103 263	120 959	121 757	145 891	145 891	122 736	130 287	137 453
Vote 8 - Human Settlement		26 474	22 341	5 588	27 772	24 043	24 043	4 498	4 498	4 745
Vote 9 - Economic Dev, tourism & Agriculture		8 642	12 627	26 868	14 246	14 828	14 828	13 986	14 813	15 627
Vote 10 - Public Safety, Fleet and Facilities Managem		119 930	160 903	124 449	128 815	161 016	161 016	198 081	208 551	220 022
Vote 11 - Internal Audit		-	-	-	8 241	9 349	9 349	10 407	10 969	11 572
Vote 12 - Risk Management		-	-	-	-	1 070	1 070	1 964	2 070	2 184
Total Expenditure by Vote	2	2 316 268	2 277 726	2 269 841	2 293 154	2 357 452	2 357 452	2 385 364	2 436 314	2 522 808
Surplus/(Deficit) for the year	2	(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	(310 106)	(225 517)	(149 105)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.
- The water account is subsidised with a portion of the equitable share as the majority of household receive water at RDP level or lower.

Table 20 Surplus/ (Deficit) calculations for the trading services

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity									
Revenue	411 983	485 352	465 836	504 586	504 586	504 586	507 159	517 775	528 392
Operating Expenditure	424 415	454 898	433 324	496 539	518 814	518 814	546 311	575 812	607 482
Surplus/(Deficit) for the year	(12 432)	30 454	32 512	8 047	(14 228)	(14 228)	(39 152)	(58 036)	(79 089)
Water									
Revenue	125 575	167 740	148 909	273 850	273 850	273 850	288 364	303 936	320 652
Operating Expenditure	247 799	209 064	187 004	221 020	221 020	221 020	232 734	245 302	258 793
Surplus/(Deficit) for the year	(122 225)	(41 324)	(38 095)	52 830	52 830	52 830	55 630	58 634	61 859

- The electricity is trading at the deficit from the 2017/18 adjusted budget and is increasing over the 2018/19 MTREF from R -14.2 million in 2017/18 to R -39.1 in 2018/19. This is primarily as a result of illegal connection and the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
- The electricity deficit is increasing over the MTREF
- The Municipal distributing substations are aged and require urgent upgrades and replacement of switchgear, high tension cables, control and metering gear.
- The electromechanical unit being capacitated to fully execute its duties, this will be in place as of July 2018.
- Electricity distribution losses are at high rate and require urgent attention, below are the operational strategies aimed at reducing losses:

Technical Losses	Non Technical Losses
Voltage regulation	<ul style="list-style-type: none"> • Introduce district (zonal) metering • Measure and record revenue fore gone (municipal property electricity use) • Develop an electricity master plan and re-establish as-built plans • Faster response to identified/reported theft • Replacement/ maintenance of metering assets • Data cleansing • Improve accuracy of meter reading and recording • Electricity user education programme
Phase balancing	
Power factor (in transformers)	
Infrastructure refurbishment	
Energy meters at power stations	
Conduct preventative maintenance on infrastructure	
Evaluate criticality of conductors for replacement programme	

- The surplus on the water account is gradually increases over the MTREF.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 16MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NW372 Madibeng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	312 010	292 796	296 046	303 530	303 530	303 530	196 937	320 131	336 016	353 769
Service charges - electricity revenue	2	395 926	450 535	454 532	472 396	457 411	457 411	302 057	472 317	496 768	524 090
Service charges - water revenue	2	117 260	125 247	148 909	150 378	147 831	147 831	98 847	152 811	161 215	170 082
Service charges - sanitation revenue	2	30 703	29 662	41 744	37 583	38 575	38 575	32 088	50 740	53 478	56 420
Service charges - refuse revenue	2	30 273	31 443	38 889	32 553	39 799	39 799	33 262	53 000	55 862	58 934
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		610	1 020	1 243	1 270	1 270	1 270	-	-	-	-
Interest earned - external investments		3 750	7 717	4 301	5 500	3 872	3 872	5 650	6 400	6 752	7 123
Interest earned - outstanding debtors		64 768	60 939	95 354	85 000	82 359	82 359	51 887	86 800	89 290	94 201
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 561	2 900	2 992	2 000	1 000	1 000	26	1 001	1 055	1 113
Licences and permits		5 438	5 923	6 229	4 000	4 000	4 000	-	2 000	2 110	2 226
Agency services		9 606	10 274	11 456	9 000	9 000	9 000	-	9 000	9 495	10 017
Transfers and subsidies		369 770	442 428	507 552	571 733	572 804	572 804	428 806	627 887	692 878	769 499
Other revenue	2	15 194	12 773	49 854	13 242	30 665	30 665	9 567	7 914	8 080	8 525
Gains on disposal of PPE		-	4 426	-							
Total Revenue (excluding capital transfers and contributions)		1 356 869	1 478 083	1 659 101	1 688 185	1 692 115	1 692 115	1 159 127	1 790 000	1 913 000	2 056 000
Expenditure By Type											
Employee related costs	2	324 766	358 844	392 302	380 852	380 852	380 852	274 258	390 960	408 710	431 189
Remuneration of councillors		22 406	23 727	25 456	27 000	29 000	29 000	18 707	32 370	32 185	33 955
Debt impairment	3	85 326	228 753	157 979	270 000	270 000	270 000	-	280 000	285 000	300 675
Depreciation & asset impairment	2	720 685	483 686	458 952	604 762	604 762	604 762	230	552 750	528 574	510 146
Finance charges		101 124	115 680	131 937	100 000	100 000	100 000	83 998	110 500	116 467	122 873
Bulk purchases	2	482 036	472 484	452 876	549 800	531 000	531 000	258 946	550 000	565 870	596 993
Other materials	8	99 626	112 585	122 069	83 940	87 110	87 110	68 934	101 523	110 334	116 402
Contracted services		112 791	129 644	259 308	145 400	190 141	190 141	105 739	184 500	195 760	206 527
Transfers and subsidies		13 323	22 610	20 819	10 000	5 000	5 000	1 649	12 000	13 810	14 570
Other expenditure	4, 5	342 785	197 585	119 007	121 401	159 588	159 588	71 625	170 761	179 604	189 480
Loss on disposal of PPE		11 400	132 128	129 135							
Total Expenditure		2 316 268	2 277 726	2 269 841	2 293 154	2 357 452	2 357 452	884 085	2 385 364	2 436 314	2 522 808
Surplus/(Deficit)		(959 399)	(799 643)	(610 740)	(604 969)	(665 338)	(665 338)	275 042	(595 364)	(523 314)	(466 808)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		257 470	296 832	260 211	301 005	301 005	301 005	106 603	285 258	297 797	317 703
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)
Taxation											
Surplus/(Deficit) after taxation		(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. The total operating revenue budget has grown by R 98.9 million or 6% when compared with the 2017/18 Adjustment Budget and by R 101.8 million or 6% compared with the 2017/18 Approved Budget.
2. The total operating expenditure budget has grown by R 26.3 million or 1% when compared with the 2017/18 Adjustment Budget and by R 92.2 million or 4% compared with the 2017/18 Approved Budget.

Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NW372 Madibeng - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Chief Operating Officer		30	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Support Services		1 790	-	-	-	-	-	-	-	-	-
Vote 5 - Budget And Treasury Office		3 108	1 585	1 065	-	168	168	132	-	-	-
Vote 6 - Infrastructure And Technical Services		171 495	258 844	216 850	294 505	291 485	291 485	81 908	275 758	297 797	317 703
Vote 7 - Community Services		19 900	2 730	15 251	-	5 717	5 717	1 874	9 500	-	-
Vote 8 - Human Settlement		71	-	-	-	-	-	-	-	-	-
Vote 9 - Economic Dev, Tourism & Agriculture		-	-	-	6 500	13 217	13 217	-	-	-	-
Vote 10 - Public Safety, Fleet and Facilities Management		37 187	25 841	19 448	-	900	900	-	-	-	-
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703
Total Capital Expenditure - Vote		233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703
Capital Expenditure - Functional											
Governance and administration		4 927	1 585	1 065	-	168	168	132	-	-	-
Executive and council		30	-	-	-	-	-	-	-	-	-
Finance and administration		3 108	1 585	1 065	-	168	168	132	-	-	-
Internal audit		1 790	-	-	-	-	-	-	-	-	-
Community and public safety		47 159	25 841	15 580	-	5 588	5 588	1 874	9 500	-	-
Community and social services		9 900	9 107	12 817	-	-	-	-	-	-	-
Sport and recreation		20 839	14 091	2 010	-	4 688	4 688	1 029	9 500	-	-
Public safety		16 348	2 643	753	-	900	900	844	-	-	-
Housing		71	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		87 235	131 631	100 168	124 505	135 305	135 305	27 842	70 000	70 000	84 000
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		87 235	131 631	100 168	124 505	135 305	135 305	27 842	70 000	70 000	84 000
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		94 260	128 779	116 354	170 000	157 210	157 210	54 067	205 758	227 797	233 703
Energy sources		12 000	22 000	10 766	16 000	16 000	16 000	11 644	4 758	17 797	21 703
Water management		33 577	86 271	75 640	124 000	116 618	116 618	42 422	157 000	135 000	150 000
Waste water management		38 684	20 509	29 947	30 000	23 562	23 562	-	44 000	75 000	62 000
Waste management		10 000	-	-	-	1 029	1 029	-	-	-	-
Other		-	1 164	19 448	6 500	13 217	13 217	-	-	-	-
Total Capital Expenditure - Functional	3	233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703
Funded by:											
National Government		224 181	283 205	232 101	301 005	301 005	301 005	83 782	285 258	297 797	317 703
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	224 181	283 205	232 101	301 005	301 005	301 005	83 782	285 258	297 797	317 703
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		9 400	5 796	20 513	-	10 482	10 482	132	-	-	-
Total Capital Funding	7	233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital Programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. No multi-year appropriations have been done.
3. The Capital Budget for the 2018/2019 financial year has been projected at R 285 million. It is a decrease of R 26.2 million or 9% from the Adjustment Capital Budget. The two outer financial years the Capital Budget is projected at R 297.7 million and R 317.7.

Table 18 MBRR Table A6 - Budgeted Financial Position

NW372 Madibeng - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		58 958	19 178	26 577	20 118	484	484	6 614	6 976	7 770	2 397
Call investment deposits	1	3 019	53 436	4 780	43 500	43 500	70 203	40 000	50 000	140 000	280 000
Consumer debtors	1	179 511	196 385	376 531	400 000	400 000	400 000	400 000	421 200	443 945	443 524
Other debtors		29 887	115 072	233 991	4 000	4 000	4 000	4 000	4 212	4 439	4 684
Current portion of long-term receivables		101 955			5 000	5 000	5 000	5 000	5 265	5 549	5 855
Inventory	2	10 222	14 884	12 869	10 000	10 000	10 000	10 000	10 530	11 099	11 709
Total current assets		383 553	398 955	654 748	482 618	462 984	489 687	465 614	498 183	612 802	748 168
Non current assets											
Long-term receivables		-	-		-	-	-		-	-	-
Investments		12 197	12 643	12 775	13 000	13 000	13 000	13 000	13 689	14 428	15 222
Investment property		271 874	260 792	300 653	260 000	260 000	260 000	260 000	273 780	288 564	304 435
Investment in Associate					-	-	-		-	-	-
Property , plant and equipment	3	5 748 965	6 121 338	5 785 905	5 801 005	5 801 005	5 801 005	5 801 005	6 108 458	6 438 315	6 432 207
Agricultural					-	-	-				
Biological					-	-	-				
Intangible					-	-	-				
Other non-current assets		10	10		10	10	10	10	10	10	10
Total non current assets		6 033 047	6 394 782	6 099 333	6 074 015	6 074 015	6 074 015	6 074 015	6 395 937	6 741 317	6 751 874
TOTAL ASSETS		6 416 600	6 793 738	6 754 080	6 556 633	6 536 999	6 563 702	6 539 629	6 894 120	7 354 120	7 500 042
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	1 926	2 956	4 470	3 000	3 000	3 000	3 000	3 159	3 330	3 326
Consumer deposits		12 942	13 222	13 945	13 000	13 000	13 000	13 000	13 689	14 428	15 222
Trade and other payables	4	454 175	477 047	646 481	243 500	243 500	243 500	243 500	256 406	270 251	269 995
Provisions			29 572	34 872							
Total current liabilities		469 043	522 797	699 768	259 500	259 500	259 500	259 500	273 254	288 009	288 543
Non current liabilities											
Borrowing		776 928	879 870	987 969	900 000	900 000	900 000	900 000	947 700	998 876	997 928
Provisions		161 143	178 078	203 879	117 000	117 000	117 000	117 000	123 201	129 854	129 731
Total non current liabilities		938 071	1 057 948	1 191 848	1 017 000	1 017 000	1 017 000	1 017 000	1 070 901	1 128 730	1 127 659
TOTAL LIABILITIES		1 407 114	1 580 745	1 891 617	1 276 500	1 276 500	1 276 500	1 276 500	1 344 155	1 416 739	1 416 202
NET ASSETS	5	5 009 486	5 212 992	4 862 464	5 280 133	5 260 499	5 287 202	5 263 129	5 549 966	5 937 381	6 083 840
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		5 009 486	5 212 992	4 862 464	5 280 133	5 260 499	5 287 202	5 263 129	5 549 966	5 937 381	6 083 840
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	5 009 486	5 212 992	4 862 464	5 280 133	5 260 499	5 287 202	5 263 129	5 549 966	5 937 381	6 083 840

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

NW372 Madibeng - Table A7 Budgeted Cash Flows

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			263 331	231 127	296 046	230 000	230 000	200 000	156 937	243 299	255 372	268 865
Service charges			426 787	502 745	693 885	526 000	526 000	596 000	397 294	553 939	583 166	615 240
Other revenue			13 098	13 552	9 778	29 512	65 512	65 512	9 592	57 984	62 709	66 708
Government - operating	1		369 770	442 428	504 673	571 733	572 804	572 804	428 806	627 887	692 878	769 499
Government - capital	1		255 099	296 442	263 056	301 005	301 005	301 005	106 603	285 258	297 797	317 703
Interest			3 750	7 717	4 301	10 500	20 000	20 000	57 537	15 060	16 197	17 418
Dividends			-	-		-	-	-	-	-	-	-
Payments												
Suppliers and employees			(1 041 812)	(1 196 934)	(1 561 628)	(1 308 392)	(1 369 115)	(1 369 115)	(1 041 600)	(1 436 413)	(1 513 979)	(1 597 248)
Finance charges			(141)	(0)	(0)	-	-	-	-	-	-	-
Transfers and Grants	1					(10 000)	(5 000)	(5 000)	(1 649)	(5 265)	(5 549)	(5 855)
NET CASH FROM/(USED) OPERATING ACTIVITIES			289 882	297 077	210 112	350 358	341 206	381 206	113 521	341 750	388 591	452 330
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			-	-		-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors			-	-		-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			6 346			-	-	-	-	-	-	-
Decrease (increase) in non-current investments				(186)	(132)	-	-	-	16 524	-	-	-
Payments												
Capital assets			(233 581)	(289 000)	(252 614)	(301 005)	(311 487)	(311 487)	(83 914)	(285 258)	(297 797)	(317 703)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(227 236)	(289 187)	(252 747)	(301 005)	(311 487)	(311 487)	(67 390)	(285 258)	(297 797)	(317 703)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-	-	-
Borrowing long term/refinancing				5 935	6 229				-	-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing			165	(3 629)	(5 141)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			165	2 307	1 089	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:	2		62 811	10 198	(41 546)	49 353	29 719	69 719	46 130	56 492	90 794	134 627
Cash/cash equivalents at the year begin:	2		(3 854)	58 958	69 155	(29 235)	484	484	484	484	56 976	147 770
Cash/cash equivalents at the year end:	2		58 958	69 155	27 609	20 118	30 203	70 203	46 614	56 976	147 770	282 397

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NW372 Madibeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	58 958	69 155	27 609	20 118	30 203	70 203	46 614	56 976	147 770	282 397
Other current investments > 90 days		3 019	3 459	3 748	43 500	13 781	484	-	-	0	-
Non current assets - Investments	1	12 197	12 643	12 775	13 000	13 000	13 000	13 000	13 689	14 428	15 222
Cash and investments available:		74 174	85 257	44 132	76 618	56 984	83 687	59 614	70 665	162 198	297 619
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2				-						
Other working capital requirements	3	304 429	249 604	114 474	(42 153)	(54 043)	(68 530)	(70 829)	(58 398)	(62 793)	(63 105)
Other provisions		161 143	169 683	178 224	117 000	117 000	117 000	117 000	123 201	129 731	136 260
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5				-						
Total Application of cash and investments:		465 572	419 287	292 698	74 847	62 957	48 470	46 171	64 804	66 938	73 155
Surplus(shortfall)		(391 398)	(334 030)	(248 565)	1 771	(5 973)	35 217	13 443	5 861	95 260	224 464

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements

Debtors	149 746	227 443	532 007	285 653	297 543	312 030	314 329	314 803	333 044	333 100
Creditors due	454 175	477 047	646 481	243 500	243 500	243 500	243 500	256 406	270 251	269 995
Total	(304 429)	(249 604)	(114 474)	42 153	54 043	68 530	70 829	58 398	62 793	63 105

Debtors collection assumptions

Balance outstanding - debtors	209 398	311 457	610 521	404 000	404 000	404 000	404 000	425 412	448 384	448 207
Estimate of debtors collection rate	71,5%	73,0%	87,1%	70,7%	73,6%	77,2%	77,8%	74,0%	74,3%	74,3%

Table 21 MBRR Table A9 - Asset Management

NW372 Madibeng - Table A9 Asset Management

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE											
Total New Assets		1	233 581	289 000	252 614	301 005	311 487	311 487	285 258	297 797	317 703
Roads Infrastructure			87 235	131 631	100 168	124 505	135 305	135 305	70 000	70 000	84 000
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			12 000	22 000	11 519	16 000	16 000	16 000	4 758	17 797	21 703
Water Supply Infrastructure			33 577	86 271	75 640	124 000	116 618	116 618	157 000	135 000	150 000
Sanitation Infrastructure			38 684	20 509	29 522	30 000	23 562	23 562	44 000	75 000	62 000
Solid Waste Infrastructure			10 000	-	-	-	1 029	1 029	-	-	-
Infrastructure			181 495	260 410	216 850	294 505	292 515	292 515	275 758	297 797	317 703
Community Facilities			30 811	9 107	720	-	900	900	-	-	-
Sport and Recreation Facilities			16 348	14 091	2 010	-	4 688	4 688	9 500	-	-
Community Assets			47 159	23 198	2 730	-	5 588	5 588	9 500	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			1 338	1 816	12 522	6 500	13 385	13 385	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			1 338	1 816	12 522	6 500	13 385	13 385	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			3 589	1 585	1 065	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	19 448	-	-	-	-	-	-
Libraries			(0)	1 990	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4									
Roads Infrastructure			87 235	131 631	100 168	124 505	135 305	135 305	70 000	70 000	84 000
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			12 000	22 000	11 519	16 000	16 000	16 000	4 758	17 797	21 703
Water Supply Infrastructure			33 577	86 271	75 640	124 000	116 618	116 618	157 000	135 000	150 000
Sanitation Infrastructure			38 684	20 509	29 522	30 000	23 562	23 562	44 000	75 000	62 000
Solid Waste Infrastructure			10 000	-	-	-	1 029	1 029	-	-	-
Infrastructure			181 495	260 410	216 850	294 505	292 515	292 515	275 758	297 797	317 703
Community Facilities			30 811	9 107	720	-	900	900	-	-	-
Sport and Recreation Facilities			16 348	14 091	2 010	-	4 688	4 688	9 500	-	-
Community Assets			47 159	23 198	2 730	-	5 588	5 588	9 500	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			1 338	1 816	12 522	6 500	13 385	13 385	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			1 338	1 816	12 522	6 500	13 385	13 385	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			3 589	1 585	1 065	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	19 448	-	-	-	-	-	-
Libraries			(0)	1 990	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class			233 581	289 000	252 614	301 005	311 487	311 487	285 258	297 797	317 703

NW372 Madibeng - Table A9 Asset Management

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSET REGISTER SUMMARY - PPE (WDV)		5									
Roads Infrastructure			353 109	743 632	701 892	1 533 683	1 533 683	1 533 683	1 603 683	1 673 683	1 627 682
Storm water Infrastructure			-	-	-	909 748	909 748	909 748	909 748	909 748	909 748
Electrical Infrastructure			100 579	1 275 388	1 268 431	1 321 388	1 321 388	1 321 388	1 326 146	1 343 943	1 305 646
Water Supply Infrastructure			57 525	566 187	555 587	1 672 401	1 672 401	1 672 401	1 789 019	1 924 019	2 074 015
Sanitation Infrastructure			88 334	136 287	238 225	236 287	236 287	236 287	280 287	355 287	417 067
Solid Waste Infrastructure			-	-	-	103 498	103 498	103 498	108 983	108 983	108 983
Infrastructure - Other			5 477 254	3 079 276	2 787 864	-	-	-	70 872	117 716	
Infrastructure			6 076 801	5 800 770	5 551 999	5 777 005	5 777 005	5 777 005	6 088 738	6 433 379	6 443 142
Community Facilities			33 454	23 832	88 117	24 000	24 000	24 000	33 500	33 500	33 500
Community Assets			33 454	23 832	88 117	24 000	24 000	24 000	33 500	33 500	33 500
Heritage Assets			10	10	10	10	10	10	10	10	10
Revenue Generating			271 874	260 792	300 653	260 000	260 000	260 000	260 000	260 000	260 000
Investment properties			271 874	260 792	300 653	260 000	260 000	260 000	260 000	260 000	260 000
Other Assets			-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets											
Servitudes				1 164	120 237						
Intangible Assets			-	1 164	120 237	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	6 382 139	6 086 568	6 061 015	6 061 015	6 061 015	6 061 015	6 382 248	6 726 889	6 736 652
EXPENDITURE OTHER ITEMS											
Depreciation		7	720 685	483 686	458 952	604 762	604 762	604 762	552 750	528 574	510 146
Repairs and Maintenance by Asset Class		3	99 626	112 585	122 069	83 940	87 110	87 110	101 523	110 334	116 402
Roads Infrastructure			28 110	32 564	11 070	20 620	20 620	20 620	21 713	22 885	24 144
Electrical Infrastructure			18 538	34 900	22 000	22 000	25 170	25 170	26 504	27 935	29 472
Water Supply Infrastructure			8 808	22 866	44 550	24 550	24 550	24 550	24 272	25 582	26 989
Sanitation Infrastructure			2 174	7 306	27 000	7 000	7 000	7 000	7 371	7 769	8 196
Solid Waste Infrastructure			139	479	1 312	800	800	800	842	888	937
Infrastructure			57 769	98 116	105 932	74 970	78 140	78 140	80 702	85 060	89 738
Community Facilities			1 550	4 102	5 250	5 250	5 250	5 250	5 528	5 827	6 147
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			1 550	4 102	5 250	5 250	5 250	5 250	5 528	5 827	6 147
Heritage Assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			37 106	7 993	10 886	320	320	320	11 713	15 674	16 535
Housing			-	-	-	-	-	-	-	-	-
Other Assets			37 106	7 993	10 886	320	320	320	11 713	15 674	16 535
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			623	-	-	2 000	2 000	2 000	2 106	2 220	2 342
Furniture and Office Equipment			-	-	-	1 400	1 400	1 400	1 474	1 554	1 639
Transport Assets			2 579	2 375	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			820 312	596 271	581 021	688 702	691 872	691 872	654 273	638 908	626 548
Renewal and upgrading of Existing Assets as % of total capex			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Renewal and upgrading of Existing Assets as % of deprecn			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M as a % of PPE			1,7%	1,8%	2,1%	1,4%	1,5%	1,5%	1,7%	1,7%	1,8%
Renewal and upgrading and R&M as a % of PPE			2,0%	2,0%	2,0%	1,0%	1,0%	1,0%	2,0%	2,0%	2,0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality is not in a position to meet the requirements due to its limited revenue base.

Table 22MBRR Table A10 - Basic Service Delivery Measurement

NW372 Madibeng - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		351 624	365 689	365 689	380 317	380 317	380 317	400 474	416 492	430 399
Piped water inside yard (but not in dwelling)		60 101	73 520	73 520	76 461	76 461	76 461	79 519	82 700	87 083
Using public tap (at least min.service level)	2	15 697	16 325	16 325	16 978	16 978	16 978	17 878	18 593	19 578
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		427 422	455 534	455 534	473 756	473 756	473 756	497 871	517 785	537 061
Using public tap (< min.service level)	3	88 913	81 455	102 934	107 051	107 051	107 051	106 169	110 416	116 268
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		88 913	81 455	102 934	107 051	107 051	107 051	106 169	110 416	116 268
Total number of households	5	516 335	536 989	558 468	580 807	580 807	580 807	604 040	628 201	653 329
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		211 697	220 165	220 165	235 126	235 126	235 126	247 588	260 118	273 904
Flush toilet (with septic tank)		11 669	12 136	12 136	12 136	12 136	12 136	12 779	13 290	13 994
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		56 280	58 531	60 872	60 872	60 872	60 872	63 307	65 839	69 328
Other toilet provisions (> min.service level)		177 361	184 455	184 455	191 833	191 833	191 833	198 724	206 673	217 627
<i>Minimum Service Level and Above sub-total</i>		457 007	475 287	477 628	499 967	499 967	499 967	522 398	545 920	574 854
Bucket toilet		14 561	15 143	15 143	15 143	15 143	15 143	15 946	16 584	17 463
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		44 767	46 559	65 697	65 697	65 697	65 697	65 697	65 697	61 012
<i>Below Minimum Service Level sub-total</i>		59 328	61 702	80 840	80 840	80 840	80 840	81 643	82 281	78 475
Total number of households	5	516 335	536 989	558 468	580 807	580 807	580 807	604 040	628 201	653 329
Energy:										
Electricity (at least min.service level)		353 328	367 461	382 159	397 446	397 446	397 446	418 511	435 251	458 319
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		353 328	367 461	382 159	397 446	397 446	397 446	418 511	435 251	458 319
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		163 007	169 528	176 309	183 361	183 361	183 361	185 529	192 950	195 010
<i>Below Minimum Service Level sub-total</i>		163 007	169 528	176 309	183 361	183 361	183 361	185 529	192 950	195 010
Total number of households	5	516 335	536 989	558 468	580 807	580 807	580 807	604 040	628 201	653 329
Refuse:										
Removed at least once a week		132 905	138 221	138 221	143 750	143 750	143 750	151 369	184 158	193 918
<i>Minimum Service Level and Above sub-total</i>		132 905	138 221	138 221	143 750	143 750	143 750	151 369	184 158	193 918
Removed less frequently than once a week		6 712	6 980	6 980	7 259	7 259	7 259	7 644	7 950	8 371
Using communal refuse dump		14 612	15 196	15 196	15 804	15 804	15 804	16 642	17 308	18 225
Using own refuse dump		308 923	321 280	334 131	347 497	347 497	347 497	365 914	365 914	385 308
Other rubbish disposal		8 416	8 753	9 103	9 467	9 467	9 467	9 969	10 368	10 918
No rubbish disposal		44 767	46 559	54 837	57 030	57 030	57 030	52 503	42 503	36 589
<i>Below Minimum Service Level sub-total</i>		383 430	398 768	420 247	437 057	437 057	437 057	452 671	444 043	459 411
Total number of households	5	516 335	536 989	558 468	580 807	580 807	580 807	604 040	628 201	653 329
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		6 000	5 661	5 322	7 144	7 144	7 144	7 523	7 929	8 365
Sanitation (free minimum level service)		6 000	5 661	5 322	7 144	7 144	7 144	7 523	7 929	8 365
Electricity/other energy (50kwh per household per month)		6 000	12 450	18 900	7 144	7 144	7 144	7 523	7 929	8 365
Refuse (removed at least once a week)		6 000	5 661	5 322	7 144	7 144	7 144	7 523	7 929	8 365
Cost of Free Basic Services provided - Formal Settlements	8									
Water (6 kilolitres per indigent household per month)		510	600	600	422	422	422	5 005	5 280	5 571
Sanitation (free sanitation service to indigent household)		12	20	20	422	422	422	1 600	1 688	1 781
Electricity/other energy (50kwh per indigent household per month)		10 342	10 000	9 658	604	604	604	14 380	15 157	15 990
Refuse (removed once a week for indigent household)		500	500	500	747	747	747	1 800	1 897	2 002
Cost of Free Basic Services provided - Informal Settlements										
Total cost of FBS provided		11 364	11 120	10 778	2 195	2 195	2 195	22 785	24 022	25 343
Highest level of free service provided per household										
Property rates (R value threshold)		32 214	34 011	35 808	60 000	60 000	60 000	60 000	60 000	60 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		42	42	42	142	142	142	142	142	142
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)					240	240	240	240	240	240
Revenue cost of subsidised services provided (R)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates										
and impermissible values in excess of section 17 of MPRA										
Water (in excess of 6 kilolitres per indigent household)		28 413	24 887	—	26 470	26 470	26 470	32 813	34 913	36 833
Sanitation (in excess of free sanitation service to indigent household)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent household)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services	6	28 413	24 887	—	26 470	26 470	26 470	32 813	34 913	36 833

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule. Key dates applicable to the process were:

- August 2017 – Joint strategic planning session of the Mayoral Committee and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2018/19 MTREF;
- November 2017 – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- January 2018 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- January 2018 – Multi-year budget proposals are submitted to the Executive Mayor for endorsement;
- February 2018 - Council considers the 2017/18 Mid-year Review and Adjustments Budget;
- February 2018 - Recommendations of the Executive Mayor are communicated to the Budget Steering Committee, and on to the respective departments. The FINAL 2018/19 MTREF is revised accordingly;
- March 2018 - Tabling in Council of the FINAL 2018/19 IDP and 2018/19MTREF for public consultation;
- April 2018 – Public consultation;
- April 2018 - Closing date for written comments;
- April 2018 – finalisation of the 2018/19 IDP and 2018/19 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- May 2018-Tabling of the 2018/19 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54 and 55 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 23 IDP Strategic Objectives

2017/18 Financial Year	2018/19MTREF
1. Provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Economic growth and development that sustainable job creation	2. Economic growth and development that leads to sustainable job creation
3. Fight poverty and build clean, healthy, safe and sustainable communities Integrated Social Services for empowered and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities

4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Promote sound governance Ensure financial sustainability Optimal institutional transformation to ensure capacity to achieve set objectives	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;
- Provide public transport;
- Provide municipal planning services; and
- Maintaining the infrastructure of the municipality.

2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the municipality;
- Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective municipal cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

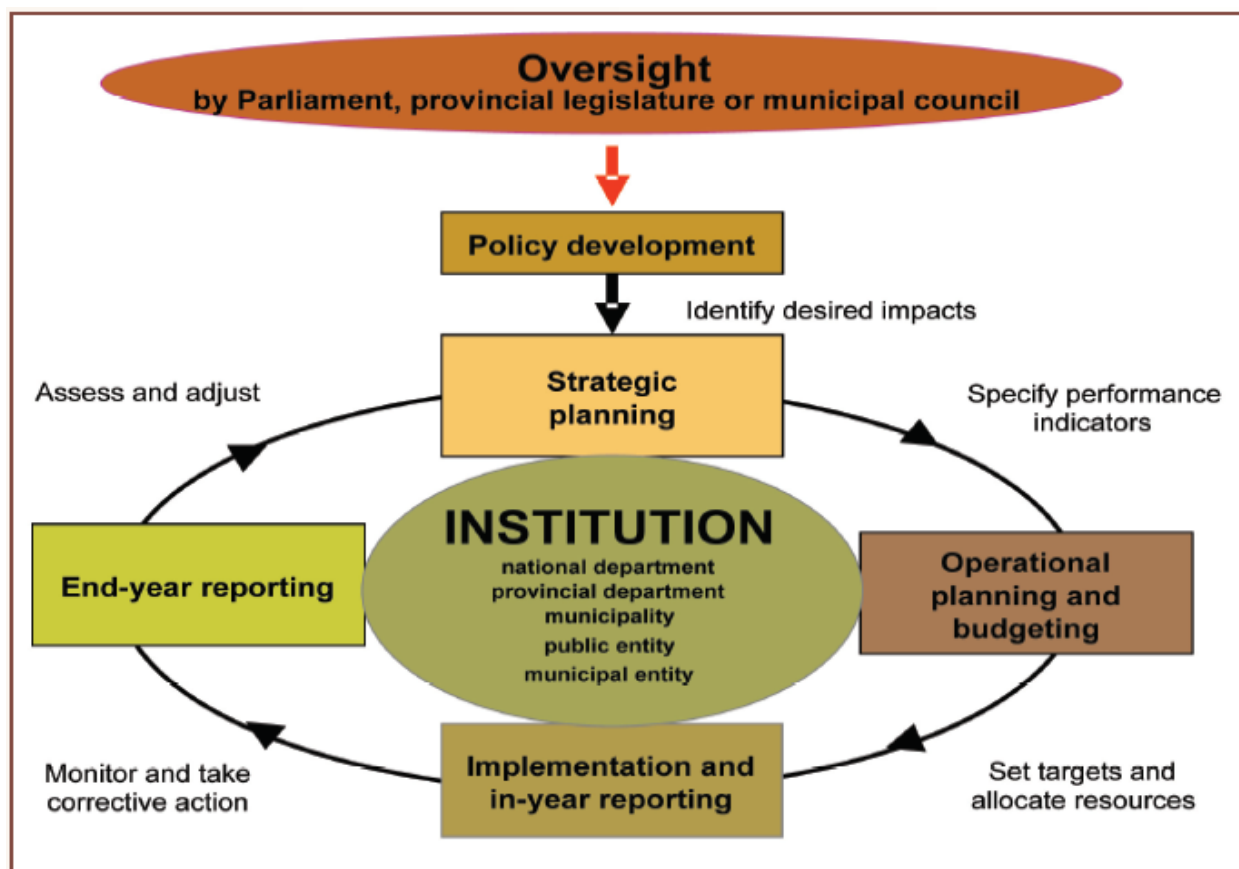
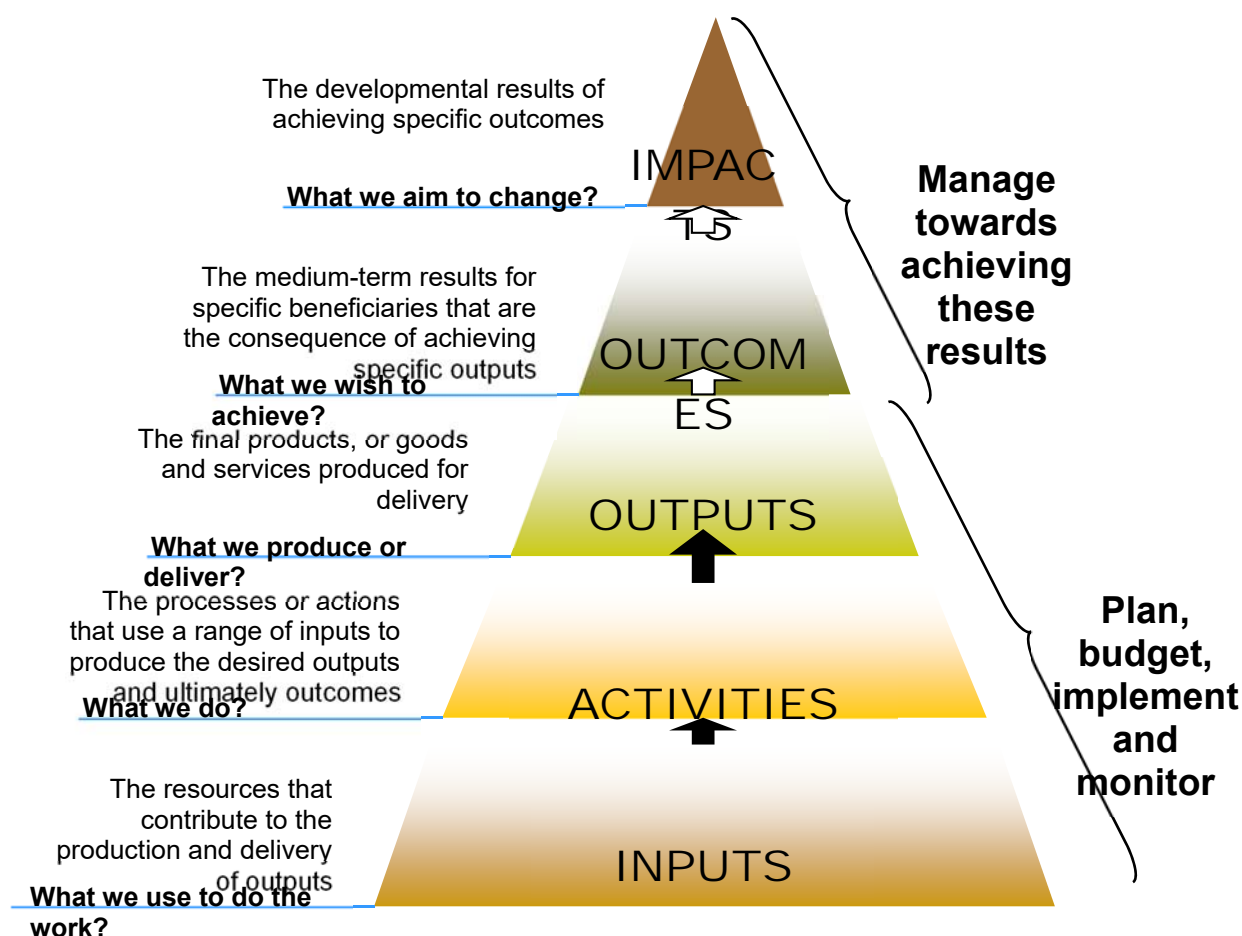


Figure 2 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Madibeng Local Municipality therefore has adopted one integrated performance management system that encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Madibeng Local Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Madibeng Municipality's borrowing strategy is primarily informed by the affordability of debt repayments

2.3.1.2 Safety of Capital

- The *debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

As part of the planning guidelines that informed the compilation of the 2018/19 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective.

2.3.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/19 MTREF the current ratio is 1.9 in the 2019/20 financial year and 1.9 and 2.0 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.3.1.4 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 *Creditors Management*

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

2.3.1.6 Other Indicators

- The water and electricity distribution losses are of serious concern and provision has been made in the capital budget for water loss control equipment.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 70 per cent of the municipality's bulk water needs are provided directly by Rand Water and the City of Tshwane in the form of purified water. The remaining 30 per cent is generated from the municipality's own water sources, such as boreholes and national dams such as Hartebeespoort.

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council in May 2015 are currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the funds provided in the EPWP should aim to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a

significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Approval Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

Council adopted the Supply Chain Management Policy in May 2015. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. A Standard Operating Procedure Manual on SCM has been developed and implemented.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

2.4.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy has been revised and is submitted for approval. Provision for a 100 per cent subsidy for indigents and pensioners has been provided.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy.

2.5 Overview of budget assumptions

2.5.1 External factors

The official unemployment rate of the labour force.

The total number of unemployed people

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2018/19

MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2018/19 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (68.9 per cent) of annual billings. Cash flow is assumed to be 68.9 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

It is important to note that Madibeng is a predominately rural municipality with many towns and villages under traditional management with limited revenue derived from the informal villages. Formalisation of these rural villages should be addressed as a high priority to broaden the municipality's revenue base.

2.5.6 Salary increases

Provision has been made for a 7.4% salary increase in terms of the guidelines from National Treasury

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between

policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The municipality has set cost reflective tariffs based on cost drivers, and consideration was given to primary and secondary costs of services to be provided including local economic conditions. Serious consideration was given to affordability of services by the consumers and tariff increase are to be set at 6.4% in line with SARB inflation target and as guided by National Treasury except for trading services such as electricity, sanitation and water which are derived from costs to be incurred.

The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision. However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that charges to be levied must be collected

The proposed tariff increases from various sector departments were also considered.

- NERSA approval on municipal electricity tariffs of 0.31% per cent;
- Rand-Water tariff increase and;
- City of Tshwane Tariff increase.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 29 Sources of capital revenue over the MTREF

Description	Approved Budget 2016/2017	Adjustment Budget 2016/2017	Budget Year 1 2017/2018	Budget Year +1 2018/2019	Budget Year +2 2019/2020
	R'000	R'000	R'000	R'000	R'000
Municipal Infrastructure Grant	242 907	242 907	287 005	304 486	322 935
Integrated National Electrification	12 304	12 304	14 000	22 000	35 000
Total Grants & Subsidies	255 211	255 211	301 005	326 486	357 935

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 30 MBRR Table A7 - Budget cash flow statement**NW372 Madibeng - Table A7 Budgeted Cash Flows**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		263 331	231 127	296 046	230 000	230 000	200 000	156 937	243 299	255 372	268 865
Service charges		426 787	502 745	693 885	526 000	526 000	596 000	397 294	553 939	583 166	615 240
Other revenue		13 098	13 552	9 778	29 512	65 512	65 512	9 592	57 984	62 709	66 708
Government - operating	1	369 770	442 428	504 673	571 733	572 804	572 804	428 806	627 887	692 878	769 499
Government - capital	1	255 089	296 442	263 056	301 005	301 005	301 005	106 603	285 258	297 797	317 703
Interest		3 750	7 717	4 301	10 500	20 000	20 000	57 537	15 060	16 197	17 418
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1 041 812)	(1 196 934)	(1 561 628)	(1 308 392)	(1 369 115)	(1 369 115)	(1 041 600)	(1 436 413)	(1 513 979)	(1 597 248)
Finance charges		(141)	(0)	(0)	-	-	-	-	-	-	-
Transfers and Grants	1				(10 000)	(5 000)	(5 000)	(1 649)	(5 265)	(5 549)	(5 855)
NETCASH FROM/(USED) OPERATING ACTIVITIES		289 882	297 077	210 112	350 358	341 206	381 206	113 521	341 750	388 591	452 330
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		6 346			-	-	-	-	-	-	-
Decrease (increase) in non-current investments			(186)	(132)	-	-	-	16 524	-	-	-
Payments											
Capital assets		(233 581)	(289 000)	(252 614)	(301 005)	(311 487)	(311 487)	(83 914)	(285 258)	(297 797)	(317 703)
NETCASH FROM/(USED) INVESTING ACTIVITIES		(227 236)	(289 187)	(252 747)	(301 005)	(311 487)	(311 487)	(67 390)	(285 258)	(297 797)	(317 703)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								-	-	-	-
Borrowing long term/refinancing			5 935	6 229				-	-	-	-
Increase (decrease) in consumer deposits								-	-	-	-
Payments											
Repayment of borrowing		165	(3 629)	(5 141)				-	-	-	-
NETCASH FROM/(USED) FINANCING ACTIVITIES		165	2 307	1 089	-	-	-	-	-	-	-
NETINCREASE/ (DECREASE) IN CASH HELD		62 811	10 198	(41 546)	49 353	29 719	69 719	46 130	56 492	90 794	134 627
Cash/cash equivalents at the year begin:	2	(3 854)	58 958	69 155	(29 235)	484	484	484	484	56 976	147 770
Cash/cash equivalents at the year end:	2	58 958	69 155	27 609	20 118	30 203	70 203	46 614	56 976	147 770	282 397

The above table shows that the cash and cash equivalents of the municipality were largely depleted but will increase with the strict debt collection that will be implemented during the last quarter of the 2017/18 financial year.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 31 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NW372 Madibeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

2017/18 Medium Term Revenue & Expenditure Framework											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	58 958	69 155	27 609	20 118	30 203	70 203	46 614	56 976	147 770	282 397
Other current investments > 90 days		3 019	3 459	3 748	43 500	13 781	484	-	-	0	-
Non current assets - Investments	1	12 197	12 643	12 775	13 000	13 000	13 000	13 000	13 689	14 428	15 222
Cash and investments available:		74 174	85 257	44 132	76 618	56 984	83 687	59 614	70 665	162 198	297 619
<u>Application of cash and investments</u>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2				-						
Other working capital requirements	3	304 429	249 604	114 474	(42 153)	(54 043)	(68 530)	(70 829)	(58 398)	(62 793)	(63 105)
Other provisions		161 143	169 683	178 224	117 000	117 000	117 000	117 000	123 201	129 731	136 260
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5				-						
Total Application of cash and investments:		465 572	419 287	292 698	74 847	62 957	48 470	46 171	64 804	66 938	73 155
Surplus(shortfall)		(391 398)	(334 030)	(248 565)	1 771	(5 973)	35 217	13 443	5 861	95 260	224 464

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements

Debtors	149 746	227 443	532 007	285 653	297 543	312 030	314 329	314 803	333 044	333 100
Creditors due	454 175	477 047	646 481	243 500	243 500	243 500	243 500	256 406	270 251	269 995
Total	(304 429)	(249 604)	(114 474)	42 153	54 043	68 530	70 829	58 398	62 793	63 105

Debtors collection assumptions

Balance outstanding - debtors	209 398	311 457	610 521	404 000	404 000	404 000	404 000	425 412	448 384	448 207
Estimate of debtors collection rate	71,5%	73,0%	87,1%	70,7%	73,6%	77,2%	77,8%	74,0%	74,3%	74,3%

2.6.4 Funding compliance measurement

NW372 Madibeng Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	58 958	69 155	27 609	20 118	30 203	70 203	46 614	56 976	147 770	282 397
Cash + investments at the yr end less applications - R'000	18(1)b	2	(391 398)	(334 030)	(248 565)	1 771	(5 973)	35 217	13 443	5 861	95 260	224 464
Cash year end/monthly employee/supplier payments	18(1)b	3	0,5	0,6	0,2	0,2	0,2	0,5	0,7	0,4	1,0	1,9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(1.1%)	(0.6%)	(4.3%)	(6.9%)	(6.0%)	(38.8%)	0,3%	(0.8%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	71,5%	73,0%	87,1%	70,7%	73,6%	77,2%	77,8%	74,0%	74,3%	74,3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	9,6%	24,6%	16,1%	27,1%	27,4%	27,4%	0,0%	26,7%	25,8%	25,8%
Capital payments % of capital expenditure	18(1)c:19	8	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	102,4%	30,4%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10								100,0%	100,0%	100,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0,0%	96,0%	(33,0%)	0,0%	0,0%	0,0%	5,3%	5,4%	0,0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1,7%	1,8%	2,1%	1,4%	1,5%	1,5%	1,8%	1,7%	1,7%	1,8%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			4,9%	5,4%	1,7%	(0,9%)	0,0%	(32,8%)	6,3%	5,2%	5,4%
% incr Property Tax	18(1)a			(6,2%)	1,1%	2,5%	0,0%	0,0%	(35,1%)	5,5%	5,0%	5,3%
% incr Service charges - electricity revenue	18(1)a			13,8%	0,9%	3,9%	(3,2%)	0,0%	(34,0%)	3,3%	5,2%	5,5%
% incr Service charges - water revenue	18(1)a			6,8%	18,9%	1,0%	(1,7%)	0,0%	(33,1%)	3,4%	5,5%	5,5%
% incr Service charges - sanitation revenue	18(1)a			(3,4%)	40,7%	(10,0%)	2,6%	0,0%	(16,8%)	31,5%	5,4%	5,5%
% incr Service charges - refuse revenue	18(1)a			3,9%	23,7%	(16,3%)	22,3%	0,0%	(16,4%)	33,2%	5,4%	5,5%
% incr in Service charges - other	18(1)a			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total billable revenue	18(1)a		886 172	929 683	980 121	996 440	987 145	987 145	663 191	1 048 998	1 103 340	1 163 296
Service charges			886 172	929 683	980 121	996 440	987 145	987 145	663 191	1 048 998	1 103 340	1 163 296
Property rates			312 010	292 796	296 046	303 530	303 530	303 530	196 937	320 131	336 016	353 769
Service charges - electricity revenue			395 926	450 535	454 532	472 396	457 411	457 411	302 057	472 317	496 768	524 090
Service charges - water revenue			117 260	125 247	148 909	150 378	147 831	147 831	98 847	152 811	161 215	170 082
Service charges - sanitation revenue			30 703	29 662	41 744	37 583	38 575	38 575	32 088	50 740	53 478	56 420
Service charges - refuse removal			30 273	31 443	38 889	32 553	39 799	39 799	33 262	53 000	55 862	58 934
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			610	1 020	1 243	1 270	1 270	1 270	-	-	-	-
Capital expenditure excluding capital grant funding			9 400	5 796	20 513	-	10 482	10 482	132	-	-	-
Cash receipts from ratepayers	18(1)a		703 216	747 424	999 710	785 512	821 512	861 512	563 824	855 223	901 247	950 813
Ratepayer & Other revenue	18(1)a		983 349	1 023 512	1 147 248	1 110 952	1 115 439	1 115 439	724 670	1 155 713	1 213 370	1 279 378
Change in consumer debtors (current and non-current)			133 361	104	299 064	(201 521)	(201 521)	(201 521)	(201 521)	21 677	23 257	128
Operating and Capital Grant Revenue	18(1)a		627 240	739 260	767 763	872 738	873 809	873 809	535 409	913 145	990 675	1 087 202
Capital expenditure - total	20(1)(vi)		233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	-	-	-	-	-	-
Supporting benchmarks												
Growth guideline maximum			6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
CPI guideline			4,3%	3,9%	4,6%	5,0%	5,0%	5,0%	5,0%	5,4%	5,6%	5,4%
DoRA operating grants total MFY										627 887	692 878	769 499
DoRA capital grants total MFY										285 258	297 797	317 703
Provincial operating grants										-	-	-
Provincial capital grants										-	-	-
District Municipality grants										-	-	-
Total gazetted/advised national, provincial and district grants										913 145	990 675	1 087 202
Average annual collection rate (arrears inclusive)												

NW372 Madibeng Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
DoRA operating												
Local Government Equitable Share										624 943	690 643	766 832
EPWP Incentive										1 174	-	-
Finance Management										1 770	2 235	2 667
										627 887	692 878	769 499
DoRA capital												
MIG										285 258	281 797	298 503
INEP										-	16 000	19 200
										285 258	297 797	317 703
Trend												
Change in consumer debtors (current and non-current)			133 361	104	299 064	(201 521)	21 677	23 257	128	-	-	-
Total Operating Revenue			1 356 869	1 478 083	1 659 101	1 688 185	1 692 115	1 692 115	1 159 127	1 790 000	1 913 000	2 056 000
Total Operating Expenditure			2 316 268	2 277 726	2 269 841	2 293 154	2 357 452	2 357 452	884 085	2 385 364	2 436 314	2 522 808
Operating Performance Surplus/(Deficit)			(959 399)	(799 643)	(610 740)	(604 969)	(665 338)	(665 338)	275 042	(595 364)	(523 314)	(466 808)
Cash and Cash Equivalents (30 June 2012)										56 976		
Revenue												
% Increase in Total Operating Revenue				8,9%	12,2%	1,8%	0,2%	0,0%	(31,5%)	5,8%	6,9%	7,5%
% Increase in Property Rates Revenue				(6,2%)	1,1%	2,5%	0,0%	0,0%	(35,1%)	5,5%	5,0%	5,3%
% Increase in Electricity Revenue				13,8%	0,9%	3,9%	(3,2%)	0,0%	(34,0%)	3,3%	5,2%	5,5%
% Increase in Property Rates & Services Charges				4,9%	5,4%	1,7%	(0,9%)	0,0%	(32,8%)	6,3%	5,2%	5,4%
Expenditure												
% Increase in Total Operating Expenditure				(1,7%)	(0,3%)	1,0%	2,8%	0,0%	(62,5%)	1,2%	2,1%	3,6%
% Increase in Employee Costs				10,5%	9,3%	(2,9%)	0,0%	0,0%	(28,0%)	2,7%	4,5%	5,5%
% Increase in Electricity Bulk Purchases				9,6%	2,0%	19,0%	(3,8%)	0,0%	(54,0%)	4,4%	2,3%	5,5%
Average Cost Per Budgeted Employee Position (Remuneration)					379769,4734	220018,249				211444,0238		
Average Cost Per Councillor (Remuneration)					314266,8025	333333,3457				399629,6296		
R&M % of PPE			1,7%	1,8%	2,1%	1,4%	1,5%	1,5%		1,7%	1,7%	1,8%
Asset Renewal and R&M as a % of PPE			2,0%	2,0%	2,0%	1,0%	1,0%	1,0%		2,0%	2,0%	2,0%
Debt Impairment % of Total Billable Revenue			9,6%	24,6%	16,1%	27,1%	27,4%	27,4%	0,0%	26,7%	25,8%	25,8%
Capital Revenue												
Internally Funded & Other (R'000)			9 400	5 796	20 513	-	10 482	10 482	132	-	-	-
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			224 181	283 205	232 101	301 005	301 005	301 005	83 782	285 258	297 797	317 703
Internally Generated funds % of Non Grant Funding			100,0%	100,0%	100,0%	0,0%	100,0%	100,0%	100,0%	0,0%	0,0%	0,0%
Borrowing % of Non Grant Funding			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grant Funding % of Total Funding			96,0%	98,0%	91,9%	100,0%	96,6%	96,6%	99,8%	100,0%	100,0%	100,0%
Capital Expenditure												
Total Capital Programme (R'000)			233 581	289 000	252 614	301 005	311 487	311 487	83 914	285 258	297 797	317 703
Asset Renewal			-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Cash												
Cash Receipts % of Rate Payer & Other			71,5%	73,0%	87,1%	70,7%	73,6%	77,2%	77,8%	74,0%	74,3%	74,3%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			4,4%	5,2%	6,0%	4,4%	4,2%	4,2%	9,5%	4,6%	4,8%	4,9%
Borrowing Receipts % of Capital Expenditure			0,0%	102,4%	30,4%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Reserves												
Surplus/(Deficit)			(391 398)	(334 030)	(248 565)	1 771	(5 973)	35 217	13 443	5 861	95 260	224 464
Free Services												
Free Basic Services as a % of Equitable Share			3,1%	2,4%	2,1%	0,4%	0,4%	0,4%		3,6%	3,5%	3,3%
Free Services as a % of Operating Revenue (excl operational transfers)			2,9%	2,4%	0,0%	2,4%	2,4%	2,4%		2,8%	2,9%	2,9%
High Level Outcome of Funding Compliance												
Total Operating Revenue			1 356 869	1 478 083	1 659 101	1 688 185	1 692 115	1 692 115	1 159 127	1 790 000	1 913 000	2 056 000
Total Operating Expenditure			2 316 268	2 277 726	2 269 841	2 293 154	2 357 452	2 357 452	884 085	2 385 364	2 436 314	2 522 808
Surplus/(Deficit) Budgeted Operating Statement			(959 399)	(799 643)	(610 740)	(604 969)	(665 338)	(665 338)	275 042	(595 364)	(523 314)	(466 808)
Surplus/(Deficit) Considering Reserves and Cash Backing			(391 398)	(334 030)	(248 565)	1 771	(5 973)	35 217	13 443	5 861	95 260	224 464
MTREF Funded (1) / Unfunded (0)	15		0	0	0	1	0	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15		✗	✗	✗	✓	✗	✓	✓	✓	✓	✓

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA

2.6.4.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget

2.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtors accounts within 30 days.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and

future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations

NW372 Madibeng - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		369 770	467 993	506 218	571 733	571 733	571 733	627 887	692 878	769 499
Local Government Equitable Share		367 236	457 443	503 048	567 442	567 442	567 442	624 943	690 643	766 832
EPWP Incentive			2 020	1 545	2 591	2 591	2 591	1 174	-	-
Municipal Systems Improvement		934	930	-	-	-	-	-	-	-
Finance Management		1 600	1 600	1 625	1 700	1 700	1 700	1 770	2 235	2 667
Municipal Infrastructure Grant			6 000	-	-	-	-	-	-	-
Provincial Government:		-	400	1 000	-	1 000	1 000	-	-	-
Library Grant			400	1 000	-	1 000	1 000	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
0										
Total operating expenditure of Transfers and Grants:		369 770	468 393	507 218	571 733	572 733	572 733	627 887	692 878	769 499
Capital expenditure of Transfers and Grants										
National Government:		254 232	284 461	260 211	301 005	301 005	301 005	285 258	297 797	317 703
Municipal Infrastructure Grant (MIG)		236 232	248 461	248 907	287 005	287 005	287 005	285 258	281 797	298 503
Integrated National Electrification Programme		8 000	21 000	11 304	14 000	14 000	14 000	-	16 000	19 200
Department Of Water Affairs		10 000	15 000	-	-	-	-	-	-	-
Current Year Receipts		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		254 232	284 461	260 211	301 005	301 005	301 005	285 258	297 797	317 703
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		624 002	752 854	767 429	872 738	873 738	873 738	913 145	990 675	1 087 202

NW372 Madibeng - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:		1,3									
National Government:											
Balance unspent at beginning of the year											
Current year receipts			369 770	369 770	442 428	571 733	571 733	571 733	627 887	692 878	769 499
Conditions met - transferred to revenue			369 770	369 770	442 428	571 733	571 733	571 733	627 887	692 878	769 499
Conditions still to be met - transferred to liabilities											
Provincial Government:											
Balance unspent at beginning of the year			3 173	3 384	361	-	-	-	-	-	-
Current year receipts			1 364	1 300	1 000	-	-	-	-	-	-
Conditions met - transferred to revenue			1 153	4 323	1 034	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			3 384	361	327	-	-	-	-	-	-
District Municipality:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Other grant providers:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total operating transfers and grants revenue			370 923	374 093	443 462	571 733	571 733	571 733	627 887	692 878	769 499
Total operating transfers and grants - CTBM		2	3 384	361	327	-	-	-	-	-	-
Capital transfers and grants:		1,3									
National Government:											
Balance unspent at beginning of the year			3 086	3 102	-	-	-	-	-	-	-
Current year receipts			221 106	278 882	260 211	301 005	301 005	301 005	285 258	297 797	317 703
Conditions met - transferred to revenue			224 193	281 983	260 211	301 005	301 005	301 005	285 258	297 797	317 703
Conditions still to be met - transferred to liabilities				-							
Provincial Government:											
Balance unspent at beginning of the year			3 173	282	-	-	-	-	-	-	-
Current year receipts			1 364	1 300	-	-	-	-	-	-	-
Conditions met - transferred to revenue			(375)	1 221	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			4 911	361							
District Municipality:											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Other grant providers:											
Balance unspent at beginning of the year			364								
Current year receipts											
Conditions met - transferred to revenue			364	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
Total capital transfers and grants revenue			224 181	283 205	260 211	301 005	301 005	301 005	285 258	297 797	317 703
Total capital transfers and grants - CTBM		2	4 911	361	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE			595 104	657 298	703 673	872 738	872 738	872 738	913 145	990 675	1 087 202
TOTAL TRANSFERS AND GRANTS - CTBM			8 295	722	327	-	-	-	-	-	-

2.8 Allocations and Grants made by the municipality

NW372 Madibeng - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Groups of Individuals											
<i>Insert description</i>	5										
Assistance To Indigents					10 000	5 000	5 000	1 649	12 000	13 810	14 570
Assistance To Rural Areas (Water)		13 323	22 610	20 819							
Total Non-Cash Grants To Groups Of Individuals:		13 323	22 610	20 819	10 000	5 000	5 000	1 649	12 000	13 810	14 570
TOTAL NON-CASH TRANSFERS AND GRANTS		13 323	22 610	20 819	10 000	5 000	5 000	1 649	12 000	13 810	14 570
TOTAL TRANSFERS AND GRANTS	6	13 323	22 610	20 819	10 000	5 000	5 000	1 649	12 000	13 810	14 570

2.9 Councillor and employee benefits

NW372 Madibeng - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)	4	81	81	–	81	81	–	81	81	–
Board Members of municipal entities	5									
Municipal employees	3									
Municipal Manager and Senior Managers	7	10	10	–	10	10	–	10	10	–
Other Managers										
Professionals		40	40	10	40	40	10	50	40	13
Finance		40	40	10	40	40	10	50	40	13
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		1 350	651	–	1 350	651	–	1 458	651	–
Finance		50	50	–	50	50	–	58	50	–
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		1 300	601	–	1 300	601	–	1 400	601	–
Clerks (Clerical and administrative)		301	301	–	301	301	–	301	301	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		30	21	–	30	21	–	30	21	–
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	1 812	1 104	10	1 812	1 104	10	1 930	1 104	13
% increase					–	–	–	6,5%	–	30,0%
Total municipal employees headcount	6, 10	1 731	1 023	10	1 731	1 023	10	1 930	1 104	13
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.10 Monthly targets for revenue, expenditure and cash flow

NW372 Madibeng - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																
Property rates		26 678	26 678	26 678	26 678	26 678	26 678	26 678	26 678	26 678	26 678	26 678	26 678	320 131	336 016	353 769
Service charges - electricity revenue		39 360	39 360	39 360	39 360	39 360	39 360	39 360	39 360	39 360	39 360	39 360	39 360	472 317	496 768	524 090
Service charges - water revenue		12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	12 734	152 811	161 215	170 082
Service charges - sanitation revenue		4 228	4 228	4 228	4 228	4 228	4 228	4 228	4 228	4 228	4 228	4 228	4 228	50 740	53 478	56 420
Service charges - refuse revenue		4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	53 000	55 862	58 934
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned - external investments		533	533	533	533	533	533	533	533	533	533	533	533	6 400	6 752	7 123
Interest earned - outstanding debtors		7 233	7 233	7 233	7 233	7 233	7 233	7 233	7 233	7 233	7 233	7 233	7 233	86 800	89 290	94 201
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		83	83	83	83	83	83	83	83	83	83	83	83	1 001	1 055	1 113
Licences and permits		167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 110	2 226
Agency services		750	750	750	750	750	750	750	750	750	750	750	750	9 000	9 495	10 017
Transfers and subsidies		261 621	–	–	–	209 295	–	–	–	156 971	–	–	–	627 887	692 878	769 499
Other revenue		659	659	659	659	659	659	659	659	659	659	659	659	7 914	8 080	8 525
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		358 463	96 843	96 843	96 843	306 138	96 843	96 843	96 843	253 814	96 843	96 843	96 843	1 790 000	1 913 000	2 056 000
Expenditure By Type																
Employee related costs		32 580	32 580	32 580	32 580	32 580	32 580	32 580	32 580	32 580	32 580	32 580	32 580	390 960	408 710	431 189
Remuneration of councillors		2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	32 370	32 185	33 955
Debt impairment		23 333	23 333	23 333	23 333	23 333	23 333	23 333	23 333	23 333	23 333	23 333	23 333	280 000	285 000	300 675
Depreciation & asset impairment		46 063	46 063	46 063	46 063	46 063	46 063	46 063	46 063	46 063	46 063	46 063	46 063	552 750	528 574	510 146
Finance charges		9 208	9 208	9 208	9 208	9 208	9 208	9 208	9 208	9 208	9 208	9 208	9 208	110 500	116 467	122 873
Bulk purchases		45 833	45 833	45 833	45 833	45 833	45 833	45 833	45 833	45 833	45 833	45 833	45 833	550 000	565 870	596 993
Other materials		8 460	8 460	8 460	8 460	8 460	8 460	8 460	8 460	8 460	8 460	8 460	8 460	101 523	110 334	116 402
Contracted services		15 375	15 375	15 375	15 375	15 375	15 375	15 375	15 375	15 375	15 375	15 375	15 375	184 500	195 760	206 527
Transfers and subsidies		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	13 810	14 570
Other expenditure		14 230	14 230	14 230	14 230	14 230	14 230	14 230	14 230	14 230	14 230	14 230	14 230	170 761	179 604	189 480
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	2 385 364	2 436 314	2 522 808
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		104 000	–	–	–	98 600	–	–	–	82 658	–	–	–	285 258	297 797	317 703
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		263 683	(101 938)	(101 938)	(101 938)	205 958	(101 938)	(101 938)	(101 938)	137 692	(101 938)	(101 938)	(101 938)	(310 106)	(225 517)	(149 105)
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	263 683	(101 938)	(101 938)	(101 938)	205 958	(101 938)	(101 938)	(101 938)	137 692	(101 938)	(101 938)	(101 938)	(310 106)	(225 517)	(149 105)

NW372 Madibeng - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue by Vote																
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Budget And Treasury Office		83 199	83 199	83 199	83 199	83 199	83 199	83 199	83 199	83 199	83 199	83 199	83 199	998 385	1 080 955	1 178 192
Vote 6 - Infrastructure And Technical Services		83 517	83 517	83 517	83 517	83 517	83 517	83 517	83 517	83 517	83 517	83 517	83 517	1 002 206	1 052 577	1 113 996
Vote 7 - Community Services		5 101	5 101	5 101	5 101	5 101	5 101	5 101	5 101	5 101	5 101	5 101	5 101	61 214	64 311	67 848
Vote 8 - Human Settlement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Economic Dev ,tourism & Agriculture		115	115	115	115	115	115	115	115	115	115	115	115	1 374	211	222
Vote 10 - Public Safety , Fleet and Facilities Management		1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	1 007	12 080	12 743	13 444
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	2 075 258	2 210 797	2 373 703
Expenditure by Vote to be appropriated																
Vote 1 - Executive Council		3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	43 179	43 403	45 790
Vote 2 - Municipal Manager		407	407	407	407	407	407	407	407	407	407	407	407	4 880	4 933	5 204
Vote 3 - Chief Operating Officer		3 509	3 509	3 509	3 509	3 509	3 509	3 509	3 509	3 509	3 509	3 509	3 509	42 107	44 469	46 915
Vote 4 - Corporate Support Services		7 922	7 922	7 922	7 922	7 922	7 922	7 922	7 922	7 922	7 922	7 922	7 922	95 064	100 221	105 733
Vote 5 - Budget And Treasury Office		87 860	87 860	87 860	87 860	87 860	87 860	87 860	87 860	87 860	87 860	87 860	71 580	1 038 036	1 044 909	1 054 879
Vote 6 - Infrastructure And Technical Services		67 536	67 536	67 536	67 536	67 536	67 536	67 536	67 536	67 536	67 536	67 536	67 536	810 428	827 193	872 685
Vote 7 - Community Services		10 228	10 228	10 228	10 228	10 228	10 228	10 228	10 228	10 228	10 228	10 228	10 228	122 736	130 287	137 453
Vote 8 - Human Settlement		375	375	375	375	375	375	375	375	375	375	375	375	4 498	4 498	4 745
Vote 9 - Economic Dev ,tourism & Agriculture		1 165	1 165	1 165	1 165	1 165	1 165	1 165	1 165	1 165	1 165	1 165	1 165	13 986	14 813	15 627
Vote 10 - Public Safety , Fleet and Facilities Management		16 507	16 507	16 507	16 507	16 507	16 507	16 507	16 507	16 507	16 507	16 507	16 507	198 081	208 551	220 022
Vote 11 - Internal Audit		867	867	867	867	867	867	867	867	867	867	867	867	10 407	10 969	11 572
Vote 12 - Risk Management		164	164	164	164	164	164	164	164	164	164	164	164	1 964	2 070	2 184
Total Expenditure by Vote		200 137	200 137	200 137	200 137	200 137	200 137	200 137	200 137	200 137	200 137	200 137	183 857	2 385 364	2 436 314	2 522 808
Surplus/(Deficit) before assoc.		(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(10 919)	(310 106)	(225 517)	(149 105)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(27 199)	(10 919)	(310 106)	(225 517)	(149 105)

NW372 Madibeng - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue - Functional																
<i>Governance and administration</i>		80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	964 715	1 033 440	1 127 450
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	80 393	964 715	1 033 440	1 127 450
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 180	6 180	6 180	6 180	6 180	6 180	6 180	6 180	6 180	6 180	6 180	6 180	74 162	101 932	129 701
Community and social services		883	883	883	883	883	883	883	883	883	883	883	883	10 594	14 159	17 724
Sport and recreation		3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	3 995	47 941	65 331	82 721
Public safety		1 302	1 302	1 302	1 302	1 302	1 302	1 302	1 302	1 302	1 302	1 302	1 302	15 628	22 442	29 256
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		12 498	12 498	12 498	12 498	12 498	12 498	12 498	12 498	12 498	12 498	12 498	12 498	149 979	157 927	166 453
Planning and development		370	370	370	370	370	370	370	370	370	370	370	370	4 444	4 533	4 622
Road transport		12 128	12 128	12 128	12 128	12 128	12 128	12 128	12 128	12 128	12 128	12 128	12 128	145 535	153 394	161 831
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		73 867	73 867	73 867	73 867	73 867	73 867	73 867	73 867	73 867	73 867	73 867	73 867	886 402	917 498	950 099
Energy sources		42 263	42 263	42 263	42 263	42 263	42 263	42 263	42 263	42 263	42 263	42 263	42 263	507 159	517 775	528 392
Water management		24 030	24 030	24 030	24 030	24 030	24 030	24 030	24 030	24 030	24 030	24 030	24 030	288 364	303 936	320 652
Waste water management		4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	50 549	53 279	56 209
Waste management		3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	3 361	40 330	42 508	44 846
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	172 938	2 075 258	2 210 797	2 373 703
Expenditure - Functional																
<i>Governance and administration</i>		100 107	100 107	100 107	100 107	100 107	100 107	100 107	100 107	100 107	100 107	100 107	100 107	1 201 279	1 188 288	1 206 141
Executive and council		7 110	7 110	7 110	7 110	7 110	7 110	7 110	7 110	7 110	7 110	7 110	7 110	85 319	89 926	94 872
Finance and administration		92 176	92 176	92 176	92 176	92 176	92 176	92 176	92 176	92 176	92 176	92 176	92 176	1 106 116	1 087 986	1 100 322
Internal audit		820	820	820	820	820	820	820	820	820	820	820	820	9 845	10 376	10 947
<i>Community and public safety</i>		19 659	19 659	19 659	19 659	19 659	19 659	19 659	19 659	19 659	19 659	19 659	19 659	235 905	248 644	262 319
Community and social services		6 242	6 242	6 242	6 242	6 242	6 242	6 242	6 242	6 242	6 242	6 242	6 242	74 909	78 954	83 297
Sport and recreation		2 572	2 572	2 572	2 572	2 572	2 572	2 572	2 572	2 572	2 572	2 572	2 572	30 868	32 535	34 324
Public safety		8 831	8 831	8 831	8 831	8 831	8 831	8 831	8 831	8 831	8 831	8 831	8 831	105 975	111 698	117 841
Housing		1 569	1 569	1 569	1 569	1 569	1 569	1 569	1 569	1 569	1 569	1 569	1 569	18 824	19 841	20 932
Health		444	444	444	444	444	444	444	444	444	444	444	444	5 328	5 616	5 925
<i>Economic and environmental services</i>		3 920	3 920	3 920	3 920	3 920	3 920	3 920	3 920	3 920	3 920	3 920	3 920	47 045	49 586	52 313
Planning and development		541	541	541	541	541	541	541	541	541	541	541	541	6 493	6 843	7 220
Road transport		3 315	3 315	3 315	3 315	3 315	3 315	3 315	3 315	3 315	3 315	3 315	3 315	39 779	41 928	44 234
Environmental protection		64	64	64	64	64	64	64	64	64	64	64	64	773	815	860
<i>Trading services</i>		73 793	73 793	73 793	73 793	73 793	73 793	73 793	73 793	73 793	73 793	73 793	73 793	885 522	933 340	984 674
Energy sources		45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	45 526	546 311	575 812	607 482
Water management		19 395	19 395	19 395	19 395	19 395	19 395	19 395	19 395	19 395	19 395	19 395	19 395	232 734	245 302	258 793
Waste water management		2 745	2 745	2 745	2 745	2 745	2 745	2 745	2 745	2 745	2 745	2 745	2 745	32 940	34 719	36 629
Waste management		6 128	6 128	6 128	6 128	6 128	6 128	6 128	6 128	6 128	6 128	6 128	6 128	73 536	77 507	81 770
<i>Other</i>		1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	1 301	15 613	16 457	17 362
Total Expenditure - Functional		198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	198 780	2 385 364	2 436 314	2 522 808
Surplus/(Deficit) before assoc.		(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(310 106)	(225 517)	(149 105)
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(25 842)	(310 106)	(225 517)	(149 105)

NW372 Madibeng - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Single-year expenditure to be appropriated																
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure And Technical Services		8 980	12 980	22 980	32 980	32 980	17 980	19 980	22 980	22 980	25 980	27 980	26 980	275 758	297 797	317 703
Vote 7 - Community Services		-	792	792	792	792	792	792	792	792	792	792	1 583	9 500	-	-
Vote 8 - Human Settlement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Economic Dev ,tourism & Agriculture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet and Facilities Managem		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	8 980	13 771	23 772	33 772	33 771	18 771	20 771	23 772	23 772	26 772	28 772	28 563	285 258	297 797	317 703
Total Capital Expenditure	2	8 980	13 771	23 772	33 772	33 771	18 771	20 771	23 772	23 772	26 772	28 772	28 563	285 258	297 797	317 703

NW372 Madibeng - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	792	792	792	792	-	792	792	792	792	792	2 375	9 500	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	792	792	792	792	-	792	792	792	792	792	2 375	9 500	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5 033	-	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	12 467	70 000	70 000	84 000
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		5 033	-	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	12 467	70 000	70 000	84 000
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3 667	13 083	17 147	27 147	27 147	13 083	13 480	17 147	17 147	20 147	22 147	14 419	205 758	227 797	233 703
Energy sources		-	-	397	397	397	-	397	397	397	397	397	1 586	4 758	17 797	21 703
Water management		-	13 083	13 083	23 083	23 083	13 083	13 083	13 083	13 083	16 083	17 083	(833)	157 000	135 000	150 000
Waste water management		3 667	-	3 667	3 667	3 667	-	-	3 667	3 667	3 667	4 667	13 667	44 000	75 000	62 000
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	8 700	13 875	23 772	33 772	33 772	18 917	20 105	23 772	23 772	26 772	28 772	29 261	285 258	297 797	317 703
Funded by:																
National Government		104 000	-	-	-	98 600	-	-	-	82 658	-	-	-	285 258	297 797	317 703
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		104 000	-	-	-	98 600	-	-	-	82 658	-	-	-	285 258	297 797	317 703
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		104 000	-	-	-	98 600	-	-	-	82 658	-	-	-	285 258	297 797	317 703

NW372 Madibeng - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source													1		
Property rates	20 275	20 275	20 275	20 275	20 275	20 275	20 275	20 275	20 275	20 275	20 275	20 275	243 299	255 372	268 865
Service charges - electricity revenue	29 913	29 913	29 913	29 913	29 913	29 913	29 913	29 913	29 913	29 913	29 913	29 913	358 961	377 544	398 309
Service charges - water revenue	9 678	9 678	9 678	9 678	9 678	9 678	9 678	9 678	9 678	9 678	9 678	9 678	116 136	122 523	129 262
Service charges - sanitation revenue	3 214	3 214	3 214	3 214	3 214	3 214	3 214	3 214	3 214	3 214	3 214	3 214	38 562	40 644	42 879
Service charges - refuse revenue	3 357	3 357	3 357	3 357	3 357	3 357	3 357	3 357	3 357	3 357	3 357	3 357	40 280	42 455	44 790
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	111	111	111	111	111	111	111	111	111	111	111	111	1 337	1 410	1 487
Interest earned - external investments	772	772	772	772	772	772	772	772	772	772	772	772	9 265	9 549	9 855
Interest earned - outstanding debtors	483	483	483	483	483	483	483	483	483	483	483	483	5 795	6 648	7 564
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	176	176	176	176	176	176	176	176	176	176	176	176	2 106	2 220	2 342
Licences and permits	268	268	268	268	268	268	268	268	268	268	268	268	3 212	4 439	4 684
Agency services	790	790	790	790	790	790	790	790	790	790	790	790	9 477	9 989	10 538
Transfer receipts - operational	296 000				204 000				127 887			-	627 887	692 878	769 499
Other revenue	3 488	3 488	3 488	3 488	3 488	3 488	3 488	3 488	3 488	3 488	3 488	3 488	41 852	44 652	47 658
Cash Receipts by Source	368 524	72 524	72 524	72 524	276 524	72 524	72 524	72 524	200 411	72 524	72 524	72 524	1 498 170	1 610 323	1 737 730
Other Cash Flows by Source															
Transfer receipts - capital	104 000	-	-	-	98 600	-	-	-	82 658	-	-	-	285 258	297 797	317 703
allocations) (National / Provincial Departmental													-	-	-
Proceeds on disposal of PPE													-	-	-
Short term loans													-	-	-
Borrowing long term/refinancing													-	-	-
Increase (decrease) in consumer deposits													-	-	-
Decrease (Increase) in non-current debtors													-	-	-
Decrease (Increase) other non-current receivables													-	-	-
Decrease (Increase) in non-current investments													-	-	-
Total Cash Receipts by Source	472 524	72 524	72 524	72 524	375 124	72 524	72 524	72 524	283 069	72 524	72 524	72 524	1 783 428	1 908 120	2 055 433
Cash Payments by Type															
Employee related costs	33 420	33 420	33 420	33 420	33 420	33 420	33 420	33 420	33 420	33 420	33 420	33 420	401 037	422 693	445 941
Remuneration of councillors	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	2 545	30 537	32 186	33 956
Finance charges													-	-	-
Bulk purchases - Electricity	39 488	39 488	39 488	39 488	39 488	39 488	39 488	39 488	39 488	39 488	39 488	39 488	473 850	499 438	526 907
Bulk purchases - Water & Sewer	7 108	7 108	7 108	7 108	7 108	7 108	7 108	7 108	7 108	7 108	7 108	7 108	85 293	89 899	94 843
Other materials	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	91 727	96 680	101 998
Contracted services	16 685	16 685	16 685	16 685	16 685	16 685	16 685	16 685	16 685	16 685	16 685	16 685	200 218	211 030	222 637
Transfers and grants - other municipalities													-	-	-
Transfers and grants - other	439	439	439	439	439	439	439	439	439	439	439	439	5 265	5 549	5 855
Other expenditure	12 813	12 813	12 813	12 813	12 813	12 813	12 813	12 813	12 813	12 813	12 813	12 813	153 751	162 054	170 967
Cash Payments by Type	120 140	120 140	120 140	120 140	120 140	120 140	120 140	120 140	120 140	120 140	120 140	120 140	1 441 678	1 519 528	1 603 103
Other Cash Flows/Payments by Type															
Capital assets	8 980	13 771	23 772	33 772	33 771	18 771	20 771	23 772	23 772	26 772	28 772	28 563	285 258	297 797	317 703
Repayment of borrowing												-	-	-	-
Other Cash Flow s/Payments												-	-	-	-
Total Cash Payments by Type	129 120	133 911	143 911	153 911	153 911	138 911	140 911	143 911	143 911	146 911	148 911	148 703	1 726 936	1 817 325	1 920 806
NET INCREASE/(DECREASE) IN CASH HELD	343 404	(61 388)	(71 388)	(81 388)	221 212	(66 388)	(68 388)	(71 388)	139 157	(74 388)	(76 388)	(76 179)	56 492	90 794	134 627
Cash/cash equivalents at the month/year begin:	484	343 888	282 500	211 112	129 725	350 937	284 549	216 161	144 774	283 931	209 543	133 155	484	56 976	147 770
Cash/cash equivalents at the month/year end:	343 888	282 500	211 112	129 725	350 937	284 549	216 161	144 774	283 931	209 543	133 155	56 976	56 976	147 770	282 397

2.11 Annual budgets and SDBIPs – internal departments

The SDBIP's for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the mayor within 28 days after the approval of the annual budget

2.12 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department Legislation compliance status

2.13 Capital Expenditure Details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

NW372 Madibeng - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		181 495	260 410	216 850	294 505	292 515	292 515	275 758	297 797	317 703
Roads Infrastructure		87 235	131 631	100 168	124 505	135 305	135 305	70 000	70 000	84 000
<i>Roads</i>		87 235	131 631	100 168	124 505	135 305	135 305	70 000	70 000	84 000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		12 000	22 000	11 519	16 000	16 000	16 000	4 758	17 797	21 703
<i>MV Networks</i>		12 000	22 000	11 519	16 000	16 000	16 000	4 758	17 797	21 703
Water Supply Infrastructure		33 577	86 271	75 640	124 000	116 618	116 618	157 000	135 000	150 000
<i>Bulk Mains</i>		33 577	86 271	75 640	124 000	116 618	116 618	157 000	135 000	150 000
Sanitation Infrastructure		38 684	20 509	29 522	30 000	23 562	23 562	44 000	75 000	62 000
<i>Waste Water Treatment Works</i>		38 684	20 509	29 522	30 000	23 562	23 562	44 000	75 000	62 000
Solid Waste Infrastructure		10 000	-	-	-	1 029	1 029	-	-	-
<i>Waste Transfer Stations</i>		10 000	-	-	-	1 029	1 029	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		47 159	23 198	2 730	-	5 588	5 588	9 500	-	-
Community Facilities		30 811	9 107	720	-	900	900	-	-	-
<i>Halls</i>		19 114	9 107	425	-	-	-	-	-	-
<i>Libraries</i>				296						
<i>Cemeteries/Crematoria</i>		9 900	-	-	-	900	900	-	-	-
<i>Police</i>										
<i>Capital Spares</i>		1 797	-	-	-			-	-	-
Sport and Recreation Facilities		16 348	14 091	2 010	-	4 688	4 688	9 500	-	-
<i>Outdoor Facilities</i>		16 348	14 091	2 010	-	4 688	4 688	9 500	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		1 338	1 816	12 522	6 500	13 385	13 385	-	-	-
Operational Buildings		1 338	1 816	12 522	6 500	13 385	13 385	-	-	-
<i>Municipal Offices</i>		1 338	1 816	12 522	6 500	13 385	13 385	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		3 589	1 585	1 065	-	-	-	-	-	-
Furniture and Office Equipment		3 589	1 585	1 065	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	19 448	-	-	-	-	-	-
Transport Assets		-	-	19 448	-	-	-	-	-	-
Libraries		(0)	1 990	-	-	-	-	-	-	-
Libraries		(0)	1 990	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	233 581	289 000	252 614	301 005	311 487	311 487	285 258	297 797	317 703

NW372 Madibeng - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NW372 Madibeng - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		57 769	98 116	105 932	74 970	78 140	78 140	80 702	85 060	89 738
Roads Infrastructure		28 110	32 564	11 070	20 620	20 620	20 620	21 713	22 885	24 144
Roads		28 110	32 564	11 070	20 620	20 620	20 620	21 713	22 885	24 144
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		18 538	34 900	22 000	22 000	25 170	25 170	26 504	27 935	29 472
MV Substations		17 691	32 811	21 500	21 500	24 670	24 670	25 978	27 380	28 886
Capital Spares		847	2 089	500	500	500	500	527	555	585
Water Supply Infrastructure		8 808	22 866	44 550	24 550	24 550	24 550	24 272	25 582	26 989
Water Treatment Works					1 500	1 500	1 500			
Distribution		8 808	22 866	44 550	23 050	23 050	23 050	24 272	25 582	26 989
Sanitation Infrastructure		2 174	7 306	27 000	7 000	7 000	7 000	7 371	7 769	8 196
Pump Station										
Reticulation		2 174	7 306	27 000	7 000	7 000	7 000	7 371	7 769	8 196
Solid Waste Infrastructure		139	479	1 312	800	800	800	842	888	937
Landfill Sites										
Waste Transfer Stations		139	479	1 312	800	800	800	842	888	937
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		1 550	4 102	5 250	5 250	5 250	5 250	5 528	5 827	6 147
Community Facilities		1 550	4 102	5 250	5 250	5 250	5 250	5 528	5 827	6 147
Fire/Ambulance Stations		63	47							
Libraries				5 250	5 250	5 250	5 250	5 528	5 827	6 147
Cemeteries/Crematoria		696	1 430							
Parks		599	2 583							
Taxi Ranks/Bus Terminals		148	24							
Capital Spares		43	18							
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		37 106	7 993	10 886	320	320	320	11 713	15 674	16 535
Operational Buildings		37 106	7 993	10 886	320	320	320	11 713	15 674	16 535
Municipal Offices				10 886	320	320	320	337	355	375
Manufacturing Plant		528	4 526							
Capital Spares		36 578	3 467					11 376	15 319	16 160
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Equipment		623	-	-	2 000	2 000	2 000	2 106	2 220	2 342
Computer Equipment		623	-	-	2 000	2 000	2 000	2 106	2 220	2 342
Furniture and Office Equipment		-	-	-	1 400	1 400	1 400	1 474	1 554	1 639
Furniture and Office Equipment					1 400	1 400	1 400	1 474	1 554	1 639
Transport Assets		2 579	2 375	-	-	-	-	-	-	-
Transport Assets		2 579	2 375							
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	99 626	112 585	122 069	83 940	87 110	87 110	101 523	110 334	116 402
R&M as a % of PPE					1,4%	1,5%	1,5%	1,8%	1,8%	1,8%
R&M as % Operating Expenditure					3,7%	3,7%	3,7%	11,5%	4,6%	4,8%

NW372 Madibeng - Supporting Table SA34d Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		428 572	394 750	318 578	602 542	602 542	602 542	546 750	527 000	509 000
Roads Infrastructure		164 634	120 731	110 454	209 949	209 949	209 949	200 000	170 000	160 000
<i>Roads</i>		164 634	120 731	110 454	209 949	209 949	209 949	200 000	170 000	160 000
Storm water Infrastructure		-	-	-	84 170	84 170	84 170	50 000	52 000	56 000
<i>Storm water Conveyance</i>		-	-	-	84 170	84 170	84 170	50 000	52 000	56 000
Electrical Infrastructure		45 637	47 536	51 090	122 255	122 255	122 255	107 000	110 000	110 000
<i>MV Networks</i>		45 637	47 536	51 090	122 255	122 255	122 255	107 000	110 000	110 000
Water Supply Infrastructure		167 140	138 080	138 110	154 731	154 731	154 731	160 000	170 000	170 000
<i>Distribution</i>		167 140	138 080	138 110	154 731	154 731	154 731	160 000	170 000	170 000
Sanitation Infrastructure		45 001	-	12 924	21 861	21 861	21 861	20 000	25 000	13 000
<i>Reticulation</i>		45 001	-	12 924	21 861	21 861	21 861	20 000	25 000	13 000
Solid Waste Infrastructure		6 160	6 000	6 000	9 576	9 576	9 576	9 750	-	-
<i>Waste Transfer Stations</i>		6 160	6 000	6 000	9 576	9 576	9 576	9 750	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	82 402	-	-	-	-	-	-	-
Community Assets		39 086	88 936	53 172	2 220	2 220	2 220	6 000	1 574	1 146
Community Facilities		19 386	28 135	13 607	-	-	-	-	-	-
<i>Halls</i>		9 226	17 136	384	-	-	-	-	-	-
<i>Libraries</i>		10 160	10 999	13 223	-	-	-	-	-	-
Sport and Recreation Facilities		19 700	60 801	39 565	2 220	2 220	2 220	6 000	1 574	1 146
<i>Outdoor Facilities</i>		19 700	60 801	39 565	2 220	2 220	2 220	6 000	1 574	1 146
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		253 027	-	87 202	-	-	-	-	-	-
Operational Buildings		253 027	-	87 202	-	-	-	-	-	-
<i>Municipal Offices</i>		253 027	-	87 202	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Depreciation	1	720 685	483 686	458 952	604 762	604 762	604 762	552 750	528 574	510 146

NW372 Madibeng - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	-	-	-	-	-	-	-	-	-
<i>Upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Upgrading of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

NW372 Madibeng - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
Capital expenditure	1							
Vote 1 - Executive Council		-	-	-				
Vote 2 - Municipal Manager		-	-	-				
Vote 3 - Chief Operating Officer		-	-	-				
Vote 4 - Corporate Support Services		-	-	-				
Vote 5 - Budget And Treasury Office		-	-	-				
Vote 6 - Infrastructure And Technical Services		275 758	297 797	317 703				
Vote 7 - Community Services		9 500	-	-				
Vote 8 - Human Settlement		-	-	-				
Vote 9 - Economic Dev, tourism & Agriculture		-	-	-				
Vote 10 - Public Safety, Fleet and Facilities Management		-	-	-				
Vote 11 - Internal Audit		-	-	-				
Vote 12 - Risk Management		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		285 258	297 797	317 703	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive Council		43 179	43 403	45 790				
Vote 2 - Municipal Manager		4 880	4 933	5 204				
Vote 3 - Chief Operating Officer		42 107	44 469	46 915				
Vote 4 - Corporate Support Services		95 064	100 221	105 733				
Vote 5 - Budget And Treasury Office		1 038 036	1 044 909	1 054 879				
Vote 6 - Infrastructure And Technical Services		810 428	827 193	872 685				
Vote 7 - Community Services		122 736	130 287	137 453				
Vote 8 - Human Settlement		4 498	4 498	4 745				
Vote 9 - Economic Dev, tourism & Agriculture		13 986	14 813	15 627				
Vote 10 - Public Safety, Fleet and Facilities Management		198 081	208 551	220 022				
Vote 11 - Internal Audit		10 407	10 969	11 572				
Vote 12 - Risk Management		1 964	2 070	2 184				
<i>List entity summary if applicable</i>								
Total future operational costs		2 385 364	2 436 314	2 522 808	-	-	-	-
Future revenue by source	3							
Property rates		320 131	336 016	353 769				
Service charges - electricity revenue		472 317	496 768	524 090				
Service charges - water revenue		152 811	161 215	170 082				
Service charges - sanitation revenue		50 740	53 478	56 420				
Service charges - refuse revenue		53 000	55 862	58 934				
Service charges - other		-	-	-				
Rental of facilities and equipment		-	-	-				
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		1 048 998	1 103 340	1 163 296	-	-	-	-
Net Financial Implications		1 621 624	1 630 771	1 677 215	-	-	-	-

Madibeng Local Municipality 2018/19 Annual FINAL Budget and MTREF

NW372 Madibeng - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
WATER SUPPLY AUGMENTATION: BOREHOLES (CLUSTERS)					Yes	Water Supply Infrastructure	Boreholes					22 475	29 000	29 925	1,2,25,26,27,29,34	New
KLIPGAT EXTENSION WATER SUPPLY					Yes	Water Supply Infrastructure	Distribution					30 000	30 000	30 000	24, 8, 36, 37	New
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG' WATER					Yes	Water Supply Infrastructure	Distribution					45 000	35 000	35 000	10,15,16,41	New
HEBRON TO MADIDI BULK WATER PIPELINE					Yes	Water Supply Infrastructure	Bulk Mains					35 000	30 000	40 000	3	New
KLIPGAT SANITATION PROJECT					Yes	Sanitation Infrastructure	Reticalulation					25 000	20 000	20 000	24, 8, 36, 37	New
WARD 1 VIP TOILETS					Yes	Sanitation Infrastructure	Toilet Facilities					-	14 000	12 000	1	New
HIGH MASS LIGHT ENERGISING					Yes	Electrical Infrastructure	MV Networks					2 250	2 797	2 578	10,15,16,41	New
CLUSTER 1 INTERNAL ROADS					Yes	Roads Infrastructure	Roads					11 000	10 000	13 000	7, 25, 28, 31	New
CLUSTER 2 INTERNAL ROADS					Yes	Roads Infrastructure	Roads					11 000	11 000	12 000	13, 14, 21, 22, 23,39	New
UPGRADING OF INTERNAL ROADS OF CLUSTER 3					Yes	Roads Infrastructure	Roads					11 000	11 000	12 000	10,15,16,41	New
UPGRADING OF INTERNAL ROADS OF CLUSTER 4					Yes	Roads Infrastructure	Roads					11 000	11 000	14 000	3, 8, 24, 36, 37	New
UPGRADING OF INTERNAL ROADS OF CLUSTER 5					Yes	Roads Infrastructure	Roads					28 787	11 000	13 000	9,11,12,35,38	New
UPGRADING OF INTERNAL ROADS OF CLUSTER 6					Yes	Roads Infrastructure	Roads					11 000	11 000	12 000	1, 2	New
UPGRADING OF INTERNAL ROADS OF CLUSTER 7					Yes	Roads Infrastructure	Roads					11 000	11 000	12 000	4, 5, 6, 34	New
UPGRADING OF INTERNAL ROADS OF CLUSTER 8					Yes	Roads Infrastructure	Roads					11 000	-	-	17,18,19,20	New
INDUSTRIAL SEWER DEKROON					Yes	Sanitation Infrastructure	Reticalulation					10 245	-	-	19	New
UPGRADING OF MOTHOTLUNG OUTFALL SEWER					Yes	Sanitation Infrastructure	Outfall Sewers					-	20 000	20 000	20	New
UPGRADING OF OUKASIE OUTFALL SEWER					Yes	Sanitation Infrastructure	Outfall Sewers					-	25 000	21 000	13, 14, 22	New
MABOLOKA SPORTS FACILITY					Yes	Sport and Recreation Facilities	Outdoor Facilities					9 500	-	-	4, 5, 6	New
OUKASIE SUBSTATION					Yes	Electrical Infrastructure	MV Substations								13, 14, 21, 22, 23,39	New
Parent Capital expenditure	1											285 258	281 797	298 503		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A Water project A																
Entity B Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										-	-	285 258	281 797	298 503		

NW372 Madibeng - Supporting Table SA38 Consolidated detailed operational projects

Municipal Vote/Operational project	Ref	Program/Project description	Project number	IDP Goal code	Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand	4			2	6			5							Ward location
Parent municipality: <i>List all operational projects grouped by Municipal Vote</i>					No										
Valuation Roll												9 000	9 486	10 008	
Formalisation Of Townships												3 000	3 000	3 165	
Asset Conditional Assessment & Asset Man Plan												8 000	8 432	8 896	
Task Job Evaluation												1 500	1 581	1 668	
IT Systems Audit												1 200	1 265	1 334	
Woman Program												600	632	667	
Youth Program												800	843	890	
GRAVEL PITS												30	31	33	
GRAVEL ROADS												4 000	4 216	4 448	
SIDEWALKS/STORM WATER												2 000	2 108	2 224	
TARRED ROADS												8 000	8 432	8 896	
Local Economic Development Programs												400	422	445	
Parent operational expenditure	1											38 530	40 448	42 673	
Entities: <i>List all operational projects grouped by Entity</i>															
Entity A Water project A															
Entity B Electricity project B															
Entity Operational expenditure										-	-	-	-	-	
Total Operational expenditure										-	-	38 530	40 448	42 673	

2.14 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is available to all financial staff.

8. Policies

All financial related policies are reviewed on an annual bases or whenever the need arises and submitted with the budget for adoption by council.

9. Risk Management

A Risk Committee has been established and is functional

2.15 Other supporting documents

NW372 Madibeng - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		340 422	317 683	296 046	330 000	330 000	330 000	217 897	352 944	370 929	390 603
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		28 413	24 887		26 470	26 470	26 470	20 960	32 813	34 913	36 833
Net Property Rates		312 010	292 796	296 046	303 530	303 530	303 530	196 937	320 131	336 016	353 769
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		406 268	460 535	464 191	473 000	458 014	458 014	302 057	486 697	511 925	540 081
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		10 342	10 000	9 658	604	604	604		14 380	15 157	15 990
Net Service charges - electricity revenue		395 926	450 535	454 532	472 396	457 411	457 411	302 057	472 317	496 768	524 090
Service charges - water revenue	6										
Total Service charges - water revenue		117 770	125 847	149 509	150 800	148 253	148 253	101 698	157 816	166 495	175 653
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		510	600	600	422	422	422	2 851	5 005	5 280	5 571
Net Service charges - water revenue		117 260	125 247	148 909	150 378	147 831	147 831	98 847	152 811	161 215	170 082
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		30 715	29 682	41 764	38 005	38 997	38 997	33 128	52 340	55 166	58 201
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		12	20	20	422	422	422	1 040	1 600	1 688	1 781
Net Service charges - sanitation revenue		30 703	29 662	41 744	37 583	38 575	38 575	32 088	50 740	53 478	56 420
Service charges - refuse revenue	6										
Total refuse removal revenue		30 773	31 943	39 389	33 300	40 546	40 546	34 526	54 800	57 759	60 936
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		500	500	500	747	747	747	1 264	1 800	1 897	2 002
Net Service charges - refuse revenue		30 273	31 443	38 889	32 553	39 799	39 799	33 262	53 000	55 862	58 934
Other Revenue by source											
Fuel Levy											
Other Revenue		15 194	12 773	49 854	1 122	1 098	1 098	9 567	564	596	628
S/WASTE: BULK SERVICE PUBLIC					5 000	5 440	5 440				
FINANCE: FINAL NOTICE FEES					1 000	2 073	2 073				
B/CONTROL: BUILDING PLANS					820	990	990				
CEMETERY FEES					1 000	1 010	1 010		1 300	1 161	1 224
ELEC: RECONNECTION FEES					3 000	3 623	3 623				
ELEC: TAMPERING FEE					500	20	20				
FINANCE: CLEARANCE CERTIFICATE					500	15 410	15 410		5 000	5 270	5 560
FINANCE: TENDER FEES					300	1 000	1 000		1 050	1 054	1 112
Total 'Other' Revenue	1	15 194	12 773	49 854	13 242	30 665	30 665	9 567	7 914	8 080	8 525

NW372 Madibeng - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Water Services Supporting Table on Supporting Details Budgeted Financial Performance											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	180 653	199 455	392 302	233 760	233 760	233 760	154 669	233 821	243 045	256 412
Pension and UIF Contributions		40 557	42 284		46 692	46 692	46 692	33 018	48 840	51 572	54 408
Medical Aid Contributions		21 051	22 592		24 860	24 860	24 860	17 679	26 394	27 836	29 374
Overtime		31 843	38 205		14 800	14 800	14 800	25 385	15 874	16 740	17 661
Performance Bonus					-	-	-	12 184	20 031	21 028	22 185
Motor Vehicle Allowance		17 687	19 580		24 414	24 414	24 414	16 690	23 112	24 364	25 704
Cellphone Allowance		280	283		360	360	360	176	367	386	407
Housing Allowances		1 195	1 675		2 081	2 081	2 081	1 393	2 597	2 727	2 877
Other benefits and allowances		16 111	17 282		21 336	21 336	21 336	5 986	8 692	9 168	9 666
Payments in lieu of leave		7 122	8 162		12 549	12 549	12 549	7 078	11 233	11 844	12 495
Long service awards					-	-	-	-			
Post-retirement benefit obligations	4	8 267	9 326		-	-	-	-			
sub-total	5	324 766	358 844	392 302	380 852	380 852	380 852	274 258	390 960	408 710	431 189
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	324 766	358 844	392 302	380 852	380 852	380 852	274 258	390 960	408 710	431 189
Contributions recognised - capital											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment					604 762	604 762	604 762	230	552 750	528 574	510 146
Lease amortisation					-	-	-	-	-	-	-
Capital asset impairment		720 685	483 686	458 952	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	10				-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	720 685	483 686	458 952	604 762	604 762	604 762	230	552 750	528 574	510 146
Bulk purchases											
Electricity Bulk Purchases		351 957	385 712	393 356	468 000	450 000	450 000	207 057	470 000	480 920	507 371
Water Bulk Purchases		130 080	86 772	59 520	81 800	81 000	81 000	51 889	80 000	84 950	89 622
Total bulk purchases	1	482 036	472 484	452 876	549 800	531 000	531 000	258 946	550 000	565 870	596 993
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		13 323	22 610	20 819	10 000	5 000	5 000	1 649	12 000	13 810	14 570
Total transfers and grants	1	13 323	22 610	20 819	10 000	5 000	5 000	1 649	12 000	13 810	14 570
Contracted services											
Contractors: Pms		1 288	-		1 500	1 000	1 000	105 739	1 500	1 581	1 668
Contractors: Formalisation Of Townships		198	-		3 000	3 200	3 200		3 000	3 000	3 165
Contractors: Services Provider-Valuation		2 067	1 428		7 000	11 000	11 000		9 000	9 486	10 008
Contractors: Service Providers - Water Tankers		23 717	13 130		8 000	9 100	9 100		5 000	5 275	5 565
Contractors: Office Machines & Equipment		12 556	-		6 000	14 000	14 000		14 000	14 756	15 568
Contractors: Service Providers - Magalies		9 576	-		5 000	11 941	11 941		5 000	5 275	5 565
Contractors: Security Project - Cameras		3 751	996		4 000	4 000	4 000		-	-	-
Contractors: Afs		500	-		4 000	7 724	7 724		19 000	20 512	21 640
Contractors: Meter Readings		19 601	2 030		2 500	7 000	7 000		3 000	3 162	3 336
Contractors: Legal Services		15 070	-		10 000	9 900	9 900		15 000	15 810	16 680
Contractors: Commission Fees		-	24 153		15 000	13 475	13 475		17 000	18 000	18 990
Contractors: Ict Systems Support		-	20 636		21 000	16 000	16 000		17 000	17 918	18 903
Contractors: Security Services		-	41 019		22 000	22 000	22 000		28 000	29 540	31 165
Contractors: Services Provider - Necsa		-	135		300	300	300		600	633	668
Contractors: Disconnect Services		14 022	1 619		1 500	2 500	2 500		2 700	2 846	3 002
Contractors: Sandspruit		-	-		4 500	3 500	3 500		4 000	4 220	4 452
Contractors: Services Provider-W/Removal		5 959	23 913		23 000	23 000	23 000		30 000	32 468	34 254
Contractors: Alcala & Asset Man Plan		403	-		5 000	28 400	28 400		8 000	8 432	8 896
Contractors: Task Job Evaluation		4 084	-		1 500	1 500	1 500		1 500	1 581	1 668
Contractors: IT Audit		-	-		600	600	600		1 200	1 265	1 334
sub-total	1	112 791	129 644	259 308	145 400	190 141	190 141	105 739	184 500	195 760	206 527
Allocations to organs of state:											
Total contracted services		112 791	129 644	259 308	145 400	190 141	190 141	105 739	184 500	195 760	206 527

NW372 Madibeng - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Other Expenditure By Type											
Collection costs	3					-	-				
Contributions to 'other' provisions						-	-				
Consultant fees						-	-				
Audit fees		2 295	5 808		3 000	4 000	4 000		4 000	4 216	4 448
General expenses		250 239	77 008	119 007	67 706	76 393	76 393	45 625	65 461	68 837	72 620
Advertisements		12 084	866		1 100	1 000	1 000				
20% Incentive Scheme Discount		7 069	22 685		-	-	-				
Telephone Rental & Calls		6 793	2 455		2 200	2 200	2 200		2 300	2 424	2 558
Rental & Calls: Internet		-	1 065		1 200	1 200	1 200				
Rental: Vehicles		5 011	1 727		1 500	-	-				
Mobile Chemical Toilets		1 923	3 629		2 600	2 600	2 600				
Insurance: General		1 269	5 792		9 000	9 000	9 000		10 000	10 540	11 120
Transport Expense: Fuel		2 190	5 601		7 000	7 000	7 000		10 000	10 550	11 130
Ward Committees: Training & Support		2 094	494		1 000	1 000	1 000				
Subsistence & Travel: Councillors		3 046	588		900	900	900				
Grant: P.M.U Operations		933	-		-	-	-				
Subsistence & Travel: Personnel		2 197	1 734		2 195	2 195	2 195				
Food For Waste Program		1 035	11 132		6 000	6 000	6 000				
Youth Programs		1 250	739		800	800	800				
Chemicals: Industrial Purposes		911	11 418		10 500	10 500	10 500		11 000	11 605	12 243
Statement: Printing & Posting	23 152	2 488		2 200	2 900	2 900		3 000	3 162	3 336	
Rental: Office Machines & Equip	318	14 372		-	-	-					
Woman Program	384	353		-	-	-					
Software/License Fees	7 391	3 614		2 500	2 500	2 500		5 000	5 270	5 560	
Professional Expenses	11 203	24 021		-	-	-					
Operating Lease : Fleet					29 400	29 400	26 000	60 000	63 000	66 465	
Total 'Other' Expenditure	1	342 785	197 585	119 007	121 401	159 588	159 588	71 625	170 761	179 604	189 480
Repairs and Maintenance	8										
Employee related costs											
Other materials		99 626	112 585	122 069	83 940	87 110	87 110		101 523	110 334	116 402
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	99 626	112 585	122 069	83 940	87 110	87 110	-	101 523	110 334	116 402

NW372 Madibeng - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive Council	Vote 2 - Municipal Manager	Vote 3 - Chief Operating Officer	Vote 4 - Corporate Support Services	Vote 5 - Budget And Treasury Office	Vote 6 - Infrastructure And Technical Services	Vote 7 - Community Services	Vote 8 - Human Settlement	Vote 9 - Economic Dev, tourism & Agriculture	Vote 10 - Public Safety, Fleet and Facilities Management	Vote 11 - Internal Audit	Vote 12 - Risk Management	Total
R thousand	1													
Revenue By Source														
Property rates		-	-	-	-	320 131	-	-	-	-	-	-	-	320 131
Service charges - electricity revenue		-	-	-	-	-	472 317	-	-	-	-	-	-	472 317
Service charges - water revenue		-	-	-	-	-	152 811	-	-	-	-	-	-	152 811
Service charges - sanitation revenue		-	-	-	-	-	50 740	-	-	-	-	-	-	50 740
Service charges - refuse revenue		-	-	-	-	-	-	53 000	-	-	-	-	-	53 000
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		-	-	-	-	6 400	-	-	-	-	-	-	-	6 400
Interest earned - outstanding debtors		-	-	-	-	86 800	-	-	-	-	-	-	-	86 800
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	1	-	-	1 000	-	-	1 001
Licences and permits		-	-	-	-	-	-	-	-	-	2 000	-	-	2 000
Agency services		-	-	-	-	-	-	-	-	-	9 000	-	-	9 000
Other revenue		-	-	-	-	6 241	-	1 393	-	200	80	-	-	7 914
Transfers and subsidies		-	-	-	-	626 713	-	-	-	1 174	-	-	-	627 887
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)		-	-	-	-	1 046 285	675 868	54 394	-	1 374	12 080	-	-	1 790 000
Expenditure By Type														
Employee related costs		4 074	2 680	30 171	22 631	58 983	93 610	72 992	1 498	11 008	82 567	8 972	1 774	390 960
Remuneration of councillors		32 370	-	-	-	-	-	-	-	-	-	-	-	32 370
Debt impairment		-	-	-	-	280 000	-	-	-	-	-	-	-	280 000
Depreciation & asset impairment		60	-	70	400	511 100	34 220	3 550	-	490	2 860	-	-	552 750
Finance charges		-	-	-	-	110 500	-	-	-	-	-	-	-	110 500
Bulk purchases		-	-	-	-	-	550 000	-	-	-	-	-	-	550 000
Other materials		-	-	-	5 010	-	84 940	5 352	1 042	70	5 110	-	-	101 523
Contracted services		-	-	1 500	47 500	58 700	14 000	30 000	3 000	-	28 600	1 200	-	184 500
Transfers and subsidies		-	-	-	-	12 000	-	-	-	-	-	-	-	12 000
Other expenditure		6 675	2 200	10 366	19 523	6 711	33 658	9 843	-	2 417	78 943	235	190	170 761
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		43 179	4 880	42 107	95 064	1 037 995	810 428	121 736	5 539	13 986	198 081	10 407	1 964	2 385 364
Surplus/(Deficit)		(43 179)	(4 880)	(42 107)	(95 064)	8 290	(134 561)	(67 342)	(5 539)	(12 612)	(186 001)	(10 407)	(1 964)	(595 364)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							285 258							285 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)														-
Transfers and subsidies - capital (in-kind - all)														-
Surplus/(Deficit) after capital transfers & contributions		(43 179)	(4 880)	(42 107)	(95 064)	8 290	150 697	(67 342)	(5 539)	(12 612)	(186 001)	(10 407)	(1 964)	(310 106)

NW372 Madibeng - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

W002 Mainbody - Supporting table one Supporting detail to Budgeted Financial Position											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits		3 019	53 436	4 780	43 500	43 500	70 203	40 000	50 000	140 000	280 000
Other current investments					-		-				
Total Call investment deposits	2	3 019	53 436	4 780	43 500	43 500	70 203	40 000	50 000	140 000	280 000
Consumer debtors											
Consumer debtors		179 511	196 385	376 531	400 000	400 000	400 000	400 000	421 200	443 945	443 524
Less: Provision for debt impairment					-						
Total Consumer debtors	2	179 511	196 385	376 531	400 000	400 000	400 000	400 000	421 200	443 945	443 524
Debt impairment provision											
Balance at the beginning of the year					-						
Contributions to the provision					-						
Bad debts written off					-						
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		5 748 965	6 121 338	5 785 905	5 801 005	5 801 005	5 801 005	5 801 005	6 108 458	6 438 315	6 432 207
Leases recognised as PPE	3				-	-	-				
Less: Accumulated depreciation					-						
Total Property, plant and equipment (PPE)	2	5 748 965	6 121 338	5 785 905	5 801 005	5 801 005	5 801 005	5 801 005	6 108 458	6 438 315	6 432 207
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		1 926	2 956	4 470	3 000	3 000	3 000	3 000	3 159	3 330	3 326
Current portion of long-term liabilities					-						
Total Current liabilities - Borrowing		1 926	2 956	4 470	3 000	3 000	3 000	3 000	3 159	3 330	3 326
Trade and other payables											
Trade and other creditors		454 175	477 047	646 481	243 500	243 500	243 500	243 500	256 406	270 251	269 995
Unspent conditional transfers		-	-	-	-	-	-				
VAT		-	-	-	-	-	-				
Total Trade and other payables	2	454 175	477 047	646 481	243 500	243 500	243 500	243 500	256 406	270 251	269 995
Non current liabilities - Borrowing											
Borrowing	4	772 450	873 283	986 723	900 000	900 000	900 000	900 000	947 700	998 876	997 928
Finance leases (including PPP asset element)		4 478	6 587	1 247	-	-	-				
Total Non current liabilities - Borrowing		776 928	879 870	987 969	900 000	900 000	900 000	900 000	947 700	998 876	997 928
Provisions - non-current											
Retirement benefits											
List other major provision items											
Employee Benefit Obligation		143 988	161 838	185 983	17 000	17 000	17 000	17 000	17 901	18 868	18 850
Refuse landfill site rehabilitation		17 155	16 241	17 896	100 000	100 000	100 000	100 000	105 300	110 986	110 881
Total Provisions - non-current		161 143	178 078	203 879	117 000	117 000	117 000	117 000	123 201	129 854	129 731
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		5 711 416	5 715 803	5 212 992	5 584 097	5 624 832	5 651 535	4 881 485	5 860 072	6 162 898	6 232 945
GRAP adjustments					-						
Restated balance		5 711 416	5 715 803	5 212 992	5 584 097	5 624 832	5 651 535	4 881 485	5 860 072	6 162 898	6 232 945
Surplus/(Deficit)		(701 930)	(502 811)	(350 529)	(303 964)	(364 333)	(364 333)	381 645	(310 106)	(225 517)	(149 105)
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	5 009 486	5 212 992	4 862 464	5 280 133	5 260 499	5 287 202	5 263 129	5 549 966	5 937 381	6 083 840
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	5 009 486	5 212 992	4 862 464	5 280 133	5 260 499	5 287 202	5 263 129	5 549 966	5 937 381	6 083 840

Distribution losses.

The Municipality has compiled a new distribution losses policy as detailed in the “Budget Related Policies” section above. The Municipality will be implementing the following strategies to curb higher distribution losses:

Water losses reduction strategies:

- Measure and record revenue fore gone (municipal property water use)
- Frequent monitoring and repair of bulk lines
- Refurbish water management system (telemetry) to manage overflows
- Maintain WTW to reduce backwash frequency
- Recycle backwash water
- Introduce district (zonal) metering
- Optimise pressure management
- Faster response to identified/reported leaks
- Introduce active leakage management
- Conduct preventative maintenance on water infrastructure
- Evaluate criticality of pipes for replacement programme
- Develop a water master plan and re-establish as-built plans
- Replacement/ maintenance of metering assets
- Data cleansing
- Improve accuracy of meter reading and recording
- Water user education programme

Electricity losses reduction strategies:

Technical Losses	Non Technical Losses
Voltage regulation	<ul style="list-style-type: none"> • Introduce district (zonal) metering • Measure and record revenue fore gone (municipal property electricity use) • Develop an electricity master plan and re-establish as-built plans • Faster response to identified/reported theft • Replacement/ maintenance of metering assets • Data cleansing • Improve accuracy of meter reading and recording • Electricity user education Programme
Phase balancing	
Power factor (in transformers)	
Infrastructure refurbishment	
Energy meters at power stations	
Conduct preventative maintenance on infrastructure Evaluate criticality of conductors for replacement programme	

2.16 Municipal manager's quality certificate

I, acting municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Madibeng Local Municipality (NW372)

Signature _____

Date _____